



Executive Report on the Accounts
of the Central Government (Civil)
for 1926-27

By the
ACCOUNTANT GENERAL, CENTRAL REVENUES.

DELHI
GOVERNMENT OF INDIA PRESS
1927



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CONTENTS.

| | Paragraphs. |
|---------------------------|-------------|
| PREFATORY REMARKS | 1 to 6 |

PART I.—FINANCIAL IRREGULARITIES.

CHAPTER I.—Works Transactions—

| | |
|---|----------|
| A. General Remarks | 7 to 8 |
| B. Individual instances :— | |
| (a) Unauthorised or irregular expenditure of public money .. | 9 |
| (b) Manipulation of accounts to avoid audit objection .. | 10 |
| (c) Unauthorised grant of profits or advantages to certain high officials | 11 to 13 |
| (d) Unauthorised grant of concession which requires the authority of an Act of the Indian Legislature | 14 |
| (e) Unusual delay in recovering Government dues | 15 |
| (f) Unwarranted or unauthorised payments to contractors or failure to enforce the terms of a contract | 16 |
| (g) Loss or risk of loss in connection with the rents of residential buildings | 17 to 18 |
| (h) Loss in consequence in consequence of non-recovery of full economic rent from servants of a local body | 19 |
| (i) Loss of revenue | 20 |
| (j) Miscellaneous irregularities | 21 to 25 |

CHAPTER II.—Other Transactions—

| | |
|---|------------|
| A. General Remarks | 26 to 28E. |
| B.—Individual instances— | |
| (a) Frauds and embezzlements | 29 to 38 |
| (b) Temporary misappropriation of Government money .. | 39 |
| (c) Loss of Government money due to theft or robbery .. | 40 to 41 |
| (d) Irregular action with a view to avoid lapse of budget grant | 42 to 45 |
| (e) Purchase of materials in advance of actual requirements .. | 46 to 47 |
| (f) Irregular drawal of advance | 48 to 49 |
| (g) Extravagant or unauthorised and irregular expenditure of public money | 50 to 52 |
| (h) Loss or risk of loss occasioned by carelessness or neglect of the financial interests of Government | 53 to 57 |
| (i) Double payments of the same claim | 58 to 61 |
| (j) Unauthorised opening of a floating account with a bank and irregular payments therefrom | 62 |
| (k) Loss occasioned by inaccurate wording of contracts .. | 63 |
| (l) Utilisation of Government money for private purposes .. | 64 |
| (m) Miscellaneous irregularities | 65 to 77 |

CONTENTS—*concl'd.*

Paragraphs.

PART II.—AUDIT OBJECTIONS.

CHAPTER III.—Works Transactions—

| | | | | |
|---|----|----|----|----|
| A. Statistics of objections | .. | .. | .. | 78 |
| B. Analysis of outstanding objections | .. | .. | .. | 79 |
| (a) Direct Transactions—Civil Works | .. | | | |
| (b) Direct Transactions—Irrigation Works | | | | |
| (c) Agency Transactions—Civil Works | | | | |
| C. Percentage of works started without estimates to total number of works started during the year | .. | .. | .. | 80 |
| (a) Direct Transactions—Civil Works | .. | .. | .. | |
| (b) Direct Transactions—Irrigation Works | | | | |
| (c) Agency Transactions—Civil Works | | | | |

CHAPTER IV.—Other Transactions—

| | | | | |
|---------------------------------------|----|----|----|----|
| A.—Statistics of objections | .. | .. | .. | 81 |
| B. Analysis of outstanding objections | .. | .. | .. | 82 |
| (a) Direct Transactions | | | | |
| (b) Agency Transactions | | | | |

PART III.—OTHER SUBJECTS.

CHAPTER V.—Rush of expenditure in March—

| | | | | |
|-----------------------|----|----|----|----------|
| A. Works Transactions | .. | .. | .. | 82 to 84 |
| B. Other Transactions | .. | .. | .. | 85 |

CHAPTER VI.—Higher Audit 86 to 94

CHAPTER VII.—Action taken on the previous reports .. 95

CHAPTER VIII.—Miscellaneous 96 to 104

Executive Report on the Accounts of the Central Government (Civil) for 1926-27 by the Accountant General, Central Revenues.

PREFATORY REMARKS.

In accordance with the decision of the Auditor General the title of the Audit Report on Central Civil transactions has been changed to "Executive Report on the Accounts of the Central Government (Civil) by the Accountant General, Central Revenues", and that of the Appropriation Report on those transactions to "Appropriation Accounts of the Central Government (Civil) and the Report of the Accountant General, Central Revenues, thereon".

2. The principal object which the Executive Report seeks to attain was explained in detail in paragraph 4 of the Audit Report for 1924-25. The Appropriation Accounts and the Report thereon, as reconstituted, form the main report which alone should be submitted to the Committee on Public Accounts through Government, while the Executive Report is a subsidiary report for the information of the Executive Government only, to be submitted at an earlier date. The cases of important irregularity detected in audit, whether they constitute breaches of appropriation rules or of other financial rules are, therefore, included in the former report intended for the Committee on Public Accounts, copies of which are submitted to the Secretary of State in accordance with Rule 15 of the Auditor General's Rules. The Auditor General has accordingly refrained from submitting the Executive Report with his comments thereon to the Secretary of State as it is unnecessary as well as undesirable to submit to him similar information through two different channels.

The Appropriation Accounts of the Central Government (Civil) and the Report of the Accountant General, Central Revenues, thereon is alone to be regarded thus as "Audit and Appropriation Reports" for the purpose of Rule 15 of the Auditor General's Rules and as "the audit and appropriation accounts" referred to in Rule 51 of the Indian Legislative Rules. The Auditor General has already suggested for the consideration of the Secretary of State the necessity of amending the wording of Rule 15 of the Auditor General's Rules so as to bring it into strict conformity with the new procedure adopted in respect of the preparation and submission of the reconstituted Audit and Appropriation Reports.

3. The report deals mainly with the expenditure of the Civil Department on Central subjects administered directly by the Government of India and adjusted on the books of the Accountant General, Central Revenues.

It also deals with other Central Civil expenditure (excluding Railways and Posts & Telegraphs expenditure) throughout India, audited and booked by Audit Officers other than the Accountant General, Central Revenues, or by the Pay and Accounts officers of the Central Government.

The results of audit conducted by the Audit Officer, Indian Stores Department, and by the Examiners of Customs and Press Accounts are also included.

In this report the results of audit conducted by the Audit Officer, Vizagapatam Harbour Construction, have also been included for the first time. The audit of expenditure and compilation of accounts of the Vizagapatam Harbour Construction used to be conducted by the Chief Auditor, Bengal Nagpur Railway, when the project was under the administrative control of the Bengal Nagpur Railway. After the management of the Harbour Construction was transferred to the Government of India, Railway Department, a separate Audit Office under the direct control of the Accountant General, Railways, was formed at Vizagapatam and that office has since 1st April 1926 been making payments and auditing and compiling the accounts of the project under the pre-audit system of Railway Accounts.

4. In April 1926 it was decided by the Auditor General that where accounts had been separated from audit, the audit and accounts offices should maintain each its own objection books, and the Executive Reports commencing from 1926-27 should deal merely with the results of action taken by audit. In modification of the above decision the Auditor General has very recently (in September 1927) issued instructions to the effect that for the purpose of statistics to be given in future Executive Reports, objections raised both in Pay and Accounts offices and in audit should be taken into account. This order of the Auditor General could not be given effect to in the present report as the compilation of the Report had been practically completed when it was received. The portion of the report relating to statistics of objections does not therefore include objections recorded in the books of the Pay and Accounts offices. Effect will, however, be given to the recent order of the Auditor General in the Executive Report for 1927-28.

5. It has been decided by the Auditor General that amounts placed under objection for want of detailed bills or payee's receipts in respect of abstract or fully vouched contingent bills respectively should be treated, after the end of the second month following that to which they relate, as really objectionable in arriving at percentage of objections representing substantial deviations from rules. In order that there may be a minimum amount of extra work in giving effect to this decision, it has been decided by the Auditor General that the detailed procedure prescribed by him for the purpose should be followed with effect from the year 1927-28. Where separation of audit

from accounts has taken place, these orders should apply equally to objections raised by Pay and Accounts offices and those raised by audit. Effect will be given to these orders also in the Executive Report for 1927-28.

6. Where accounts have been separated from audit, financial irregularities may fall into different categories, *e.g.*—

- (i) Those discovered by accounts and pursued by accounts **(P)**.
- (ii) Those discovered by accounts and pursued by audit **(Q)**.
- (iii) Those discovered by audit and pursued by accounts **(R)**.
- (iv) Those discovered by audit and pursued by audit **(S)**.
- (v) Those discovered and pursued more or less simultaneously both by audit and accounts **(T)**.

It has been decided that all irregularities of an important nature should be mentioned both in the Executive Report submitted by the Audit Officer to the Executive Government and in the Report on the Appropriation Accounts, irrespective of the fact as to what agency discovered or pursued them. With a view to preventing all possibility of misconception as to the source from which the subject matter of the cases of financial irregularity included in this Report has been derived, the relevant paragraphs of the Report have been distinguished by the guide letters at their end, as noted against the above categories.

NEW DELHI,

The 22nd September, 1927.

S. TAJ MOHAMMAD,

Offg. Accountant General,
Central Revenues.

PART I.—FINANCIAL IRREGULARITIES.

CHAPTER I.—WORKS TRANSACTIONS.

A.—GENERAL REMARKS.

7. The more important financial irregularities noticed during the year under report in respect of the works transactions of the Public Works Department which appear in this Report were of the following types :—

- (a) Unauthorised or irregular expenditure of public money.
- (b) Manipulation of accounts to avoid audit objection.
- (c) Unauthorised grant of profits or advantages to certain high officials.
- (d) Unauthorised grant of concession which requires the authority of an Act of the Indian Legislature.
- (e) Unusual delay in recovering Government dues.
- (f) Unwarranted or unauthorised payments to contractors or failure to enforce the terms of a contract.
- (g) Loss or risk of loss in connection with the rents of residential buildings.
- (h) Loss in consequence of non-recovery of full economic rent from servants of a local body.
- (i) Loss of revenue.
- (j) Miscellaneous irregularities.

8. Instances illustrating the above types of irregularity are detailed in paragraphs 9 to 25. Out of the seventeen instances, eleven relate to the Delhi Public Works Department, two relate to the Hyderabad Public Works Division and the remaining four to certain Central Public Works Divisions located at different places in India. Some other minor irregularities came to light during the year under report, which need not be specifically mentioned here.

B.—INDIVIDUAL INSTANCES.

- (a) *Unauthorised or irregular expenditure of public money.*

9. Under the rules of the Central Government, it is permissible to provide and maintain tennis courts at the official residences of certain high officials. When tennis courts are so provided, the charges in connection therewith, with the exception of the cost of providing and renewing tennis nets, the marking of courts and the provision of screens, are met by Government.

On an audit inspection of a divisional office it was noticed that five lawn tennis courts were maintained at Government cost at the official residence of a high official at a certain station and the charges incurred included the wages of a cooly on Rs. 10 per month for each court besides the authorized charges for watering, rolling and consolidating the surface of the courts. It was stated that the services of the coolies were dispensed with sometime ago. The case was reported to the local Administration with the remark that the expenditure already incurred on account of wages of coolies and marking of courts would require the special sanction of the Government of India. The local Administration admitted that the expenditure for marking of the courts was not a proper charge against Government and as regards the charges for coolies, they explained that the coolies were employed on removing the grass all round the courts, watering them, etc. They also expressed that if the amount of expenditure that would be held under objection was intimated, they would arrange for its refund to Government. The Divisional Officer is being addressed with a view to ascertain the amount of expenditure on this account.

(b) *Manipulation of accounts to avoid audit objection.*

10. A case came to the notice of the Irrigation Officer in Baluchistan, in which one coolie was knowingly billed for in a Muster Roll by a Sub-Divisional Officer, for 16 days during December 1926 in excess of his actual attendance at work. The amount involved was Rs. 10 only. The Sub-Divisional Officer candidly confessed his fault, but with the object of setting an example of deterrent disciplinary action called for in such a case he has been punished by the reduction of his pay from Rs. 200 to the next lower stage of Rs. 190 in the Upper Subordinate scale from 1st January 1927.

Though the amount involved is small, the irregularity is serious, and the case has been mentioned as an instance of adequate disciplinary action.*

(c) *Unauthorised grant of profits or advantages to certain high officials.*

11. The rents of certain bungalows in New Delhi constructed for certain high officials were sanctioned provisionally from the 1st October 1926 on the following basis :—

(a) In arriving at the capital cost for purposes of calculating rents, the cost of

- (i) Land,
- (ii) Preparation of site,
- (iii) Laying out compounds,
- (iv) Irrigation, distribution system and Sewage drains within the compounds, and
- (v) Compound walling was excluded.

(b) Rent was fixed at 6 per cent. on such capital cost.

* Controller of Military Accounts, Quetta.

The omission of items of expenditure referred to above seems to constitute "a profit or advantage" to the High Officials concerned which is inadmissible unless specially authorised by the Secretary of State in Council under the relevant section of the Government of India Act.

Similarly, as the percentage (*viz.*, 6 per cent.) charged on the capital cost does not cover the usual rate of interest on the capital invested as well as the full maintenance charges, the rent charged is inadequate and involves the grant of a further profit or advantage. On this ground too, the sanction of the Secretary of State in Council is required. The percentages chargeable for calculating the full economic rent of other residential buildings in the same area are 6 per cent. for interest and 2 per cent. for maintenance charges.

The capital cost of the buildings is estimated at about Rs. 6½ lakhs and the maximum aggregate rent that may be expected to be recovered annually, under the orders referred to above, is about Rs. 16,200. against the total annual cost of about Rs. 52,000 to the tax-payer (S).

12. In New Delhi certain houses were specially constructed for the high officials who are appointed by the Secretary of State in Council and who are not entitled to any concession in the matter of recovery of rent of Government bungalows provided for them.

A Government servant who had been occupying a bungalow in New Delhi the rent of which was fixed under conditions involving grant of certain concessions was temporarily appointed to one of the posts of the high officials referred to above. He was, however, allowed to remain in occupation of the bungalow which he had been occupying at concessional rent before his temporary appointment as a high official and was exempted by the local Administration from the payment of rent for the bungalow built for such high officials. Under the Government of India Act, however, a person appointed temporarily to any post of these high officials shall forego all emoluments and advantages (if any) to which he was entitled at the time of his appointment as a high official. The exemption from the payment of rent of the house built for high officials from 13th November 1926 to 4th February 1927 at the rate of Rs. 541 *per mensem* requires the sanction of the Secretary of State. (S).

13. In respect of certain high officials the Government of India Act provides that besides their pay which is fixed under the Act, they are not entitled to anything which constitute a "profit or advantage" unless sanctioned by the Secretary of State in Council. In the Delhi Public Works Department, rent is recovered from such officers for Government furniture supplied for their residences for the period of occupation in winter at the same rate at which recovery is made from other migratory officers of the Government of India. This rate of rent is not the full economic rent of the furniture supplied to them and does not cover interest on capital invested, maintenance charges depreciation, etc., and recovery at such rate from the high official

concerned constitutes a "profit or advantage" which seems to require the sanction of the Secretary of State in Council. (S).

(d) *Unauthorised grant of concession which requires the authority of an Act of the Indian Legislature.*

14. The non-official president of the Legislative Assembly is provided with Government furniture in respect of which rent is recovered from him for the period of occupation (in winter) at the rate at which recovery is made from the migratory officers of the Government of India.

As this rate is less than the full economic rent of the furniture and does not cover the interest on capital cost, actual maintenance charges, depreciation, etc., the concession allowed to the officer requires the authority of an Act of the Indian Legislature under Section 63 C(5) of the Government of India Act. (S).

(e) *Unusual delay in recovering Government dues.*

15. In connection with the scheme for water supply to Delhi, the Public Works Department erected certain filters in 1920-22, tested the new plant, trained the staff and supplied filtered water to the Municipal Committee free of cost, for a period of about 10 months. In reply to an enquiry it was stated by the Municipal Engineer in January 1923 that as soon as the tests were completed and the municipality informed thereof, they would be prepared to resume payment of filtration charges though not retrospectively, provided they did not exceed on an average the cost of maintaining and working the slow sand municipal filters replaced by the new plant.

These tests were completed by the 14th October 1922 and the staff fully trained by the 23rd January 1923, but on account of the failure of the Public Works Department to notify these facts in writing to the municipality and to present their claims in time, the municipality have refused to pay the sum of Rs. 41,540 for the period from the 23rd January 1923 to 31st January 1924. On further representation made by the Public Works Department in April 1925 the Municipal Engineer stated in July 1926 that the matter was being submitted to the municipal works sub-committee, but the amount has not yet been recovered, nor is it shown as recoverable in the accounts of the Departmental Accounts Officer. These facts came to the notice of audit for the first time in September 1925 while the details of the amount due were supplied only in July 1926. In bringing to the notice of the Accounts Officer the very considerable delay in recovering Government dues the desirability of (a) charging interest on the amount and (b) levying the usual departmental charges on the outlay on non-government works was suggested by audit. The Accounts Officer's reply is awaited. (P).

(f) *Unwarranted or unauthorized payments to contractors or failure to enforce the terms of a contract.*

16. In June 1926 a local Administration entered into a contract with a contractor for the execution of a tank work at rates 8 per cent. below

the rates entered in the estimate for the work. One of the items in the estimate was "Stone in lime masonry" for which a rate of Rs. 24 per 100 cubic feet was entered in the estimate. Payment for this item was made at 8 per cent. below this rate in the first two running account bills paid in June and July 1926; but, in the third bill paid in August 1926, this rate was increased from Rs. 27 to Rs. 29/2. In reply to enquiries from audit, it was stated that "Stone in lime masonry" means either kind of masonry, i.e., "Random rubble masonry" or "coursed rubble masonry", that in this case coursed rubble masonry was done, for which the schedule rate was Rs. 29/2 and that the schedule rate was paid as under one of the conditions of the contract for any class of work for which no rate was specified in the contract should be carried out at the rates in the schedule of rates of the district. According to the agreement the contractor was bound to carry out either kind of masonry at the same rate and hence it was pointed out to the local Administration that the excess payment made which amounted to Rs. 444 was not due to the contractor.

In the same contract there was a condition that the deduction of 8 per cent. below the estimate rates should be made from the gross amount of the bill, but it was actually made from the net amount of the bill after deducting the value of Government materials issued to the contractor, which resulted in an excess payment of Rs. 195 to the contractor. It was explained that the contractor did not agree to the amendment of the condition in the contract whereby the deduction should be made from the gross amount of the bill and that this would be clear from the original condition in the contract which was signed by the Divisional Officer and the contractor. According to the copy of the contract furnished to audit and the rules (Paragraph 308 of the Public Works Account Code) issued by the Central Government, the deduction should be made from the gross amounts of the bills and the local Administration was, therefore, addressed again on the subject. In reply the local administration explained that the term "stone in lime masonry" was wrongly used in the estimate and as the Contractor had actually done 'Coursed rubble masonry' he was entitled for payment at the rate of Rs. 29/2 though the Divisional Officer should have obtained higher sanction for this increased rate. As regards the percentage deduction from the net instead of from the gross amount of the bill it was stated that the prevailing practice in the division was to make the deduction from the net amount of the bill which was followed in this case also and that to avoid such mistakes in future, necessary instructions had been issued.

(g) *Loss or risk of loss in connection with the rents of residential buildings.*

17. Under the rent rules of 1924 of the Public Works Department Delhi, private persons were ordinarily required to pay the full rent of the bungalows or quarters for the actual period of occupation. In the

case of the three representatives of the Architects who were paid for their work by commissions and fees the rent realised from them for the period 1st October 1924 to 31st March 1925 fell short of the full rents of the bungalows occupied by them by Rs. 389.

Further, under the general orders issued by the local Administration in May 1924, additional rent for the compounds attached to the bungalows was required to be recovered from the private tenants with effect from 1st August 1924, but no rent for compounds was recovered from the representatives of Architects referred to above. The short recovery on this account amounted to about Rs. 624. Subsequently the local Administration ordered that recovery of the rent of compounds be made from 15th April 1925 instead of from 1st August 1924 for the reason that the representatives of the Architects had to be given one month's notice, which was issued on the 13th March 1925. The following points were suggested for consideration :—

- (i) whether the loss or short recovery of about Rs. 1,000 could not have been avoided if the rules or orders issued by the superior authorities referred to, were followed.
- (ii) whether adequate disciplinary action was taken against the officer who failed to carry out the orders.

As regards the first sub-paragraph above, the New Capital Committee decided that the action of the local Administration in recovering rent from the representatives of the Architects at the rates at which recovery was effected from Government servants up to 31st March 1925 be confirmed. As regards the second sub-paragraph they wrote off the loss and also passed orders to the effect that the loss in rent occurred through a misinterpretation in Divisional Office of the orders issued on the subject of treatment of the representatives of the Architects as "entitled persons" and that in the circumstances no disciplinary action was called for.

(S)

18. It was pointed out to the departmental Accounts Officer that while a number of clerks' quarters remained vacant in New Delhi, throughout the winter season of 1925-26, the Government of India had to pay to some of their migratory ministerial staff during the same season Delhi Lump Sum Allowance as they could not be provided with quarters. The Accounts Officer intimated that the Chief Engineer, on investigation, found that this state of affairs was due to the following causes.—

- (1) As certain quarters were unfurnished, they were not occupied by the staff and there were no rules under which this could be prevented.
- (2) The Divisional Officer in charge did not, in the first instance, re-allot such quarters as, in the past, quarters reserved for the Government of India staff were not allotted to other offices. On the matter being pointed out to him by the Accounts Officer, the Divisional Officer endeavoured to reallocate the quarters to the Public Works Department

staff subject to certain conditions, but in most cases no one was willing to occupy the quarters on the terms offered by him.

The Chief Engineer also stated that to guard against similar loss in future, rules have been framed making the allottees responsible for the rent for the whole year in the case of the staff permanently residing at Delhi and for the winter season only in the case of the migratory staff of the Government of India.

Earlier action on these lines on the part of the Public Works Department would, it is suggested, have avoided loss to the Government during 1925-26.

With effect from the 15th October 1927 the allotments of residential buildings in Delhi will be for the winter or summer season or both, the winter season being from the 15th October to 14th April. The departments to which residential quarters will be allotted by the Public Works Department will be held responsible for filling all the quarters so allotted. (S)

(h) *Loss in consequence of non-recovery of full economic rent from servants of a local body.*

19. In the Delhi Public Works Department rents for supplying Government residences were recovered by the departmental Accounts Officer from servants of a local body at the concessional rates applicable to Government servants under rule 45 of the Fundamental Rules without obtaining the sanction of the competent authority. This matter having been brought to the notice of the New Capital Committee at the instance of audit, the action of the Accounts Officer was confirmed. Although the New Capital Committee exercises full powers in the matter of letting out Government buildings in the New Capital to non-Government servants, the grant of this special benefit to the servants of a local body involves a loss in revenue to the extent of the difference between the full economic rent and the concessional rent charged. (S)

(i) *Loss of Revenue.*

20. Certain plots of land allotted to " Raikes and Dewans " in the New Capital Area at exceptionally favourable rates were transferred by the allottees to others at considerably higher rates as detailed below :—

| Lease No. | Price paid to Government by original allottees. | Price realised by allottees by transfer to others. |
|-----------|---|--|
| | Rs. | Rs. |
| 65 | 775 | 5,500 |
| 25 | 875 | 3,900 |
| 45 | 925 | 2,000 |
| | <hr/> 2,575 <hr/> | <hr/> 11,400 <hr/> |

One of the conditions of the lease in each case was that the lessees would, within the period specified in the leases, erect certain buildings in accordance with approved plans. This condition was not complied with by the original allottees (lessees) and the determination of their leases was therefore apparently lawful in terms of the leases. It is for consideration whether it would not be desirable for Government to re-enter the lands in such cases in future and to re-allot them to other persons at higher prices, similar to those secured by the original allottees in these cases. If this had been done in these particular cases, not only would profits amounting to about Rs. 9,000 on account of transfer of land at higher rates have accrued to Government, but recurring gain would also have accrued in the shape of ground rent (at 5 per cent. per annum of the price paid to Government). The first revision of ground rent in these particular cases can now only take place on or after 1st January 1947. (S)

(j) *Miscellaneous irregularities.*

21. Overmeasurement of work done.—On an audit inspection of a divisional office it was noticed that the measurements originally taken by a subordinate for the item "Renewing fine wire gauze heavy quality" of a work recorded a quantity of 1142 square feet which was reduced by the Divisional Officer to 874 square feet as a result of his check measurement. The cost of the excess quantity measured, *viz.*, 268 square feet amounted to Rs. 201. On an enquiry into the circumstances leading to the overmeasurement, it transpired that the subordinate adopted the wrong measurements of the item entered in the estimate instead of recording the measurements of wire gauze work actually done. On the case being reported to it, the local Administration warned the subordinate who entered the excess measurements but proposed to take no action against the subordinate and the Divisional officer who were responsible for the preparation of the wrong estimate as they were no longer in service.

22. Inadequate scrutiny of claims of contractors.—In a Public Works Division in Delhi, four different bills for a certain contractor's claims for "work done but not measured" against four different estimates were preferred for payment. The Departmental Accounts Officer after completing the bills as regards previous payments, etc., returned them to the Divisional Officer for scrutiny and signature. The Divisional Officer having endorsed on each bill a certificate to the effect "that the value of work done exceeded the payment by not less than 10 per cent.", the bills were paid by the Departmental Accounts Officer in October 1924. When the final bills for the above claims were prepared in March 1925 on the basis of detailed measurements, it was found that in each of the four cases a sum in excess of the actual amount due to the contractor had been paid, the overpayments amounting to Rs. 626, Rs. 1,088, Rs. 1,066 and Rs. 394 respectively, *i.e.*, Rs. 3,174 in all. The amounts overpaid have since been recovered.

These final bills were brought to account about a year after date of their preparation.

The Departmental Accounts Officer explained that the temporary overpayment was entirely due to a genuine misunderstanding, and if the administrative authorities also were of the same opinion. He further stated that there was no defect in the system but the administrative authorities had issued instructions to the Divisional Officers to apply a more careful scrutiny to bills in future. They were not willing to take disciplinary action against the persons who failed to scrutinise the bills before signing them. (Q)

23. Failure to detect double claims of labour.—It was detected by an assistant cashier of the Central Accounts Office that the wages of a beldar and mali and a sweeper were claimed twice for the first ten days and nine days respectively of June 1926 in two different bills. The double claim had remained undetected by the Sub-Divisional and Divisional Officers. The Divisional Officer stated that the pay of the men was drawn twice through a clerical error.

The following points were suggested by audit for consideration of the Accounts Officer :—

- (i) Whether under the system of internal-check by the Accounts Office it is always possible to detect double claims for the wages of the same persons in different bills or whether the responsibility for avoiding double claims or of detecting them must rest with the executive.
- (ii) Whether the reasons and defects under which the Sub-Divisional Officer and the Divisional Officer failed to detect the double claim in this case had been investigated and remedied so as to guard against the risks of similar failure in future in the same or other divisions.

The Accounts Officer replied (a) that the responsibility for avoiding double claims or of detecting them must rest with the executive and (b) that the mistake was in the initial records the accuracy of which the Accounts Officer was not in a position to dispute.

The question of the defect in the system under which it was not possible for the executive to detect the double claim is under investigation. (Q)

24. Loss due to damage to stores in transit.—On an audit inspection of a divisional office it was noticed that 55,782 tiles costing Rs. 3,684 were purchased from a firm at a certain place in 1925 and brought by rail to the site of the work. Out of these tiles, 14,499 tiles costing Rs. 1,401 were broken owing to transshipment from one carriage to another at an intermediate railway station. The Divisional Officer explained that he did not foresee that the railway company would handle the goods so carelessly and that in future he would avoid the use of tiles of this pattern and, where unavoidable, would send special men to supervise packing and transshipment.

The case was reported to the local Administration as it appeared that suitable precautions could have been taken even in this case either by way of settling the rate for supply at work site or despatching the tiles at railway risk. The local Administration accepted the explanation of the Divisional Officer for the heavy breakage and remarked that a certain amount of breakage was inevitable in such consignments and that neither the Railway Company nor a contractor would accept the condition suggested.

25. *Irregular purchase of European stores.*—It was noticed in audit ~~that~~ the Divisional Officer in charge of the residences of a high official purchased a large quantity of paint of European manufacture costing Rs. 3,566 direct from the suppliers outside India, though such purchases could be made, under the existing rules, only in special and urgent cases. The divisional officer explained that the paint was required urgently; but as it was received a long time after the order was placed, the explanation was not convincing. The case was reported by the controlling officer to the Government of India who condoned the irregularity as a special case and ordered that the rules should be strictly observed in future.

CHAPTER II.—OTHER TRANSACTIONS.

A.—GENERAL REMARKS.

26. The following types of the more important financial irregularities were noticed in the accounts of transactions other than works and actions of the Public Works Department during the year under report :—

- (a) Frauds and embezzlements.
- (b) Temporary misappropriation of Government money.
- (c) Loss of Government money due to theft or robbery.
- (d) Irregular action with a view to avoid lapse of budget grant.
- (e) Purchase of materials in advance of actual requirements.
- (f) Irregular drawal of advance.
- (g) Extravagant or unauthorised and irregular expenditure of public money.
- (h) Loss or risk of loss occasioned by carelessness or neglect of the financial interests of Government.
- (i) Double payments of the same claim.
- (j) Unauthorised opening of a floating account with a bank and irregular payments therefrom.
- (k) Loss occasioned by inaccurate wording of contracts.
- (l) Utilisation of Government money for private purposes.
- (m) Miscellaneous irregularities.

27. Individual instances of these types of irregularity are detailed in paragraphs 29 to 77. These instances represent only the more important of those cases which came to the notice of the Audit Department.

28. The following paragraphs contain further general remarks with regard to some of the types of irregularity mentioned in this chapter of the Report.

28-A. (a) *Frauds and embezzlements*.—The number of important cases of frauds and embezzlements during the year under report was ten as against fifteen in the previous year. Out of these ten cases, five relate to Burma, two to the Punjab and the remaining four pertain to different provinces, departments and administrations. Although the number of cases noticed during the year under report is less than that noticed during the preceding year, still there is some room for improvement in this direction. In the course of his comments on the Executive Report on Central Civil Transactions for 1925-26, the Auditor General remarked that the increase in frauds and embezzlements generally was disquieting and hoped that it would receive the attention of the Government of India. The Government of India seem to be alive to the situation, and it may be hoped that in the cases on which final orders

not yet been passed, deterrent disciplinary action will be taken against the supervising staff where necessary for lack of supervision and negligence which leads to perpetration of fraud more than anything else.

28-B. (d) *Irregular action with a view to avoid lapse of budget grant.*—As has been pointed out on several occasions in the past, this type of irregularity not only involves risk of embezzlements but also tends to interfere with budgeting and the control of the Finance Department or the Legislature over expenditure. In his comments to the Secretary of State on the last Appropriation Report, the Auditor General has suggested the necessity for more severe steps than hitherto taken to combat this evil, and for bringing the rule on the subject prominently to the notice of all disbursing officers.

28-C. (g) *Extravagant or unauthorised and irregular expenditure of public money.*—Besides the cases specifically mentioned in this report under the above type, there was a number of cases in the Northern India Salt Revenue Department, in which a certain disbursing officer had incurred expenditure in the absence of any sanctioned estimates or allotments or both. The matter has been reported to the head of the Department whose orders are awaited.

28-D. (k) *Loss occasioned by inaccurate wording of contracts.*—The case noticed under this type calls for the issue of an order clearly indicating the authorities in India who may enter into contracts with Government servants on behalf of the Secretary of State. It is also desirable that subordinate authorities, when empowered to enter into a contract, should be made to realise the importance of drawing up contracts in absolute accordance with the terms approved by the superior authority on whose behalf the contract was made.

28-E. In paragraph 21-F of the Executive Report of the Central Government (Civil) for the year 1925-26 a reference was made to the financial irregularities brought to light in the accounts of the Sambhar Improvement Scheme and it was stated that the matter was under the consideration of the Government of India. The Government of India have since issued orders on the subject expressing their disapproval of the action of the officer responsible for the irregularities. No final orders have, however, yet been passed as regards the heads of the Department concerned.

B.—INDIVIDUAL INSTANCES.

(a) *Frauds and Embezzlements.*

29. In January 1920 a sum of Rs. 635 representing the sale proceeds of an estate sold for arrears of land revenue was placed in deposit. In the year 1923 the claimant filed a civil suit for the surplus sale proceeds and it was found that there was only Rs. 33 left in deposit and the balance of Rs. 602 had already been withdrawn—Rs. 218 on 13th October 1922

and Rs. 384 on 18th November 1922. In the course of investigation it transpired that the Accountant of the Sub-Treasury concerned prepared the bills himself and got the pay orders passed by the officer in charge during the absence of the Sub-Divisional Officer, by showing the order of the Deputy Commissioner for repayment of identical amounts against two other deposits. He selected the names of two persons who had previously drawn money from the Sub-Treasury with a view to show himself behind a mistake, if challenged. In one case the potdar's book showed that the payment was made to the Accountant who signed the register in token of receipt. It was also discovered that the finger impression on the back of the bill alleged to be that of the agent appointed to receive payment was really the impression of the left finger of the Accountant. In the other case the payment was made to one muktear's moharrir who said that he made over the money to the Accountant. The Accountant was prosecuted and the case was tried in the Sessions Court in two parts. In one he was sentenced to eight months' rigorous imprisonment and in the other to one month's rigorous imprisonment and to pay a fine of Rs. 602. The fine was realised.

The fraud was facilitated by the failure on the part of the Sub-Treasury Officer to exercise the check as provided for in Article 201 of the Civil Account Code, Vol. I, which lays down that a person claiming refund of a deposit must produce an order of the Court or authority which ordered acceptance of the deposit; this order the Treasury Officer will compare with the entry in the register of receipts, and, if the balance is sufficient, he will take the payee's receipt, make payment and cancel it at once, under his initials, both in the register of repayments and that of receipts, noting in both also the date and amount of the repayment. In these cases the Sub-Treasury Officer signed the repayment vouchers both in the capacity of the Magistrate and the Sub-Treasury Officer. The irregular practice of having the bills prepared in the paying department instead of in the department in charge of the case contributed to the fraud. This practice has since been stopped.

With reference to the explanation of the same Sub-Treasury Officer in connection with his passing a fraudulent refund voucher for Rs. 384, the Governor in Council remarked that he recognised that officers frequently appended their signatures to formal documents with more or less care, but was not prepared to accept the view that the signature on a repayment voucher was such a formality without responsibility. He also remarked that the officer had been fortunate enough in escaping liability for over Rs. 600 lost to Government through his want of care in other (above) instances, as this sum had been recovered in the form of fines, and ordered that he should be directed to refund the sum of Rs. 50 which had proved irrecoverable.*

30. A Sub-Treasury Officer acting in collusion with his sub-accountant who was *ex-officio* Treasurer holding the duplicate keys opened

* Comptroller, Assam.

currency chest and misappropriated a sum of Rs. 76,700 in notes sometime between the 14th August 1926, the date the Sub-Treasury Officer took over charge of the sub-treasury and the 14th December 1926. This abstraction of notes came to light at the inspection of the sub-treasury by the Deputy Commissioner on the 13th and 14th December 1926. The Sub-Treasury Officer absconded on the 14th December 1926, the day allotted for verification of the cash at the sub-treasury. He was subsequently arrested, tried, convicted and sentenced to 7 years' rigorous imprisonment. The sub-accountant was convicted and sentenced to 5 years' rigorous imprisonment. A sum of Rs. 500 being the surety money of the sub-accountant has been recovered and credited towards the loss. The case has been reported to the local Government with the remark that the sanction of the Government of India is required to the write-off of the loss. The misappropriation revealed no defect in the existing system. It is doubtful if any system can really prevent a fraud if two officers responsible for the care of money are in collusion in robbing it, but the exemplary sentences given in this case should be a very powerful deterrent.*

31. A sub-accountant who was also *ex-officio* treasurer of a certain sub-treasury misappropriated a sum of Rs. 52,000 in the course of 4 years from June 1922 to June 1926. Seven sub-treasury officers held charge of the sub-treasury during this period. The township having two Township Officers on the spot, the sub-treasury charge was held by these two officers for alternate weeks. Money was abstracted either from the currency or treasure chest but to cover the deficit funds were transferred from the one to the other and finally the deficit was shifted to the currency chest, and when the fraud was detected, a shortage of Rs. 52,000 was found in the currency chest.

The *modus operandi* of the sub-accountant revealed at the investigation made on the spot by an officer of the Audit Department deputed for the purpose, was as follows:—To put the Headquarters Treasury off the scent he regularly submitted to it daily and monthly returns showing correct opening and closing balances and daily transactions duly supported by chalangas, vouchers, currency chest slips, etc., while he falsified the cash book and the currency chest book that remained at the sub-treasury. He manipulated the balance in the treasure chest to agree with the correct amount as per returns submitted to the headquarters treasury on occasions of the monthly verification of the treasure chest balance carried out by the sub-treasury officers. As these did not carry out a simultaneous verification of the currency chest balances the fraud was not detected. With the currency chest book supposed to be in the currency chest under double lock but actually in his possession and with the Memo Book of Contents of the treasure chest supposed to be in the treasure chest under double lock but actually in his possession and depending on the absolute trust placed in him by his sub-treasury officer, the sub-accountant falsified

* Accountant General, Burma.

the cash book and currency chest book sometimes showing open balances different from the closing balances of the previous days, receipts, incorrect totals of receipts or omitting receipt transactions altogether or sometimes showing less expenditure or its incorrect totals and less closing balance.

The investigations by the officer of the Audit Department and inquiries of the trying Magistrate revealed that one or more of Sub-Treasury Officers failed to follow the procedure laid down in following respects :—

- (1) The currency chest book was allowed to be in the custody of the sub-accountant in violation of rule 23 (b), Resource Manual. The balance was not proved and signed every transaction by the sub-treasury officer.
- (2) Sanction of the Treasury Officer was not obtained for withdrawal of funds from the currency chest as required by rule 39 (b) *ibid* nor was a currency chest slip sent out every transaction as required by rule 23 (c) *ibid*.
- (3) The monthly balance of the currency chest was never actually verified as required by rule 24 (c) *ibid* but the certificate of verification were signed and sent out.
- (4) The Memo Book of Contents in the treasure chest was allowed to be in the custody of the sub-accountant in violation of rule 14 (5), Resource Manual. The closing of the sub-treasury accounts by an examination by the sub-treasury officer of the cash book with cheques, vouchers, etc., check of the correctness of the totals of the opening and closing balances and verification of balance, was not done according to paragraph 189 of Burma Sub-Treasury Manual.
- (5) Every entry in the Daily Sheet which is only a copy of the cash book was not checked by the sub-treasury officer. The certificate of verification of the cash balance was recorded after such verification as is required by paragraph 190 of the Burma Sub-Treasury Manual.

The sub-accountant was tried, convicted and sentenced to pay a fine of Rs. 10,000 or in default to undergo 1 year and 9 months or various other terms of rigorous imprisonment amounting to 5 years. Action is being taken to effect forfeiture of the security deposit of Rs. 10,000 of the sub-accountant and credit the amount to Government.

The misappropriation came to light as a direct result of the investigation of the sub-treasury by the Deputy Commissioner early in 1926.

The loss to Government was rendered possible by an utter disregard of the financial interests of Government shown by a succession of sub-treasury officers quite apart from the non-observance of specific rules.

Since the defalcations commenced in 1922 the sub-treasury had been inspected on 4 occasions by 3 different Deputy Commissioners excluding that which revealed the defalcation. On 3 of these occasions the Deputy Commissioner merely entered in his inspection note that he found the contents in the currency chest correct according to the currency chest book and according to the schedule attached. The schedules attached were not, however, signed. The sub-treasury staff had access to the inspection note and the schedule before they reached the treasury. This enabled the sub-accountant to substitute the schedule. Had the amount of the balance in the currency chest been entered in the inspection note or had the schedule (verification certificate referred to in rule 24 (d), Resource Manual, with details of balances) been signed, the defalcations would have been detected earlier and the loss to Government would have been smaller.

The case is under the consideration of the local Government.*

32. The Store Clerk of the office of a District Superintendent of Police embezzled a sum of Rs. 487 being the sale proceeds of ammunition bought out of the Ammunition Advance. The Deputy Superintendent of Police who was responsible for the control over the advance did not see the receipted chalangans for the sales when they were entered in the stock book. Owing to this neglect the store clerk received the cash and misappropriated the sum in the course of 4 months. The clerk was tried and sentenced to rigorous imprisonment for one year. For his neglect of duty the Deputy Superintendent of Police was ordered to pay a sum of Rs. 250 out of his pay in 10 equal instalments. The local Government accorded sanction to the write-off of the balance, viz., Rs. 237.*

33. The Bailiff of a certain Collector's Office embezzled the following amounts relating to Central subjects:—

(1) Income Tax recoveries Rs. 5,723, and

(2) Part of permanent advance Rs. 164..

(1) *Income Tax recoveries*:—The amount misappropriated under this head represents recoveries from defaulting assesseees of Income Tax through the agency of the Revenue Department. The greater portion of the amount was embezzled between May and September 1926. The Bailiff received money from the defaulters and gave them receipts but he did not credit the money into the Bank. The registers and proceedings were kept in the Bailiff's possession and the *Akunwun* (the officer in charge of the revenue side of the Collector's office) saw only what the Bailiff chose to put up to him. The *Akunwun* signed the chalangans and the Bailiff's receipt register, but the chalangans never reached the Bank. The frauds were made easy by the fact that the *Akunwun* never checked the Bailiff's receipt register with the counterfoils of the Bailiff's receipt books.

The frauds in this case would not have occurred if the payers had paid the money direct into the Bank instead of through the Bailiff.

(2) *Permanent Advance*.—No blame can be attached to anybody except the Bailiff.

The Bailiff misappropriated certain other amounts relating to Provincial Revenues also. He was tried, convicted and sentenced to 18 months' rigorous imprisonment and to pay a fine of Rs. 5,000 or in default to undergo a further term of 9 months' rigorous imprisonment. From amounts recovered from the surety of the Bailiff and from his shares in a co-operative bank, etc., Rs. 2,149 have been credited to "Income Tax Receipts".

The case is under the consideration of the local Government who are reporting the loss of Income Tax recoveries to the Government of India.

34. A box containing un-issuable notes (valuing Rs. 60,000 and forming part of a remittance of notes aggregating Rs. 68,60,000 from a Currency Chest to the Currency Office) was replaced by another box containing articles of no value at a Railway Station by the local representative of the Government contractor for the conveyance of remittances with the help of 5 others. Prior to the arrival of the train conveying the remittance there were assembled in one corner of the Railway Station compound the carts for conveying the boxes to the Currency Office. One of the carts had previously been taken to a carpenter and a wooden locker without a lid had been fixed to it beneath the level of the floor of the cart. In this locker, protected from view by a gunny cloth had been placed a patent *Venesta* box containing various articles of no value. The box was closed and sealed with the patent lead seal of a certain treasury. On the arrival of the remittance the boxes were conveyed on a trolley (there being only one available) to the Station compound in four instalments under police escort, the potdar accompanying the remittance remained on the platform until the final instalment was moved.

As the boxes were being loaded on the specially constructed cart, the local representative persuaded one of the Police escort to smoke a cigarette with him in order to divert his attention. The boxes were piled up to a height in order to hide from view the cartman who stacked the boxes on the cart. Thus protected from view the cartman withdrew the bogus box from the locker and substituted one of the remittance boxes containing 6000 ten-rupee notes. The exchange having been effected a cry was raised that a member of the Society for the Prevention of Cruelty to Animals had just taken the bullock belonging to the specially constructed cart to the Cattle Pound because it was lame and that the boxes would, therefore, have to be transferred to another cart. The boxes including the bogus box were accordingly unloaded and stacked in another cart. The specially constructed cart, apparently empty, but actually holding a box containing 6000 ten rupee notes hidden in the locker, was then wheeled away by two cartmen.

The remittance reached the Currency Office at 4 P.M. The boxes were first weighed and the weights agreed with those shown in the

invoice. Even the examination of seals did not arouse any suspicion as the seal on the bogus box was quite secure. The remittance was not examined that evening as there was no time and it had been received apparently in good order.

On the following morning information was brought to the Currency Officer by Treasurer's Deputy that one of the *venesta* boxes received the day before had been removed and another substituted for it. The suspected box was opened and was found to contain waste paper, glass, paper weights, etc., etc.

The matter was at once reported to the police authorities. The six accused were tried in a court of law and sentenced to terms of imprisonment varying from 2 to 7 years with fines Rs. 1,000 each. Property to the value of Rs. 38,688 was recovered by the Police, but orders for its disposal have not been passed as yet. It is not known so far how the fines if recovered are to be disposed of and the matter is under correspondence with the police and the convicting Magistrate.

Negligence on the part of the constable was mainly responsible for the success of the fraud. The matter has been brought to the notice of the Inspector General of Police of the province concerned by the Deputy Controller of the Currency for taking suitable steps so as to prevent recurrence of such cases. In this case a previously used lead seal of a certain treasury was apparently used again with success. To guard against this it was suggested by the Currency Officer to the Deputy Controller of the Currency,

- (i) that the seals should be of such a type that they can in no way be removed without being badly damaged and mutilated;
- (ii) that the seals should be affixed in such a manner that they can not come off themselves; and
- (iii) that all used seals should be completely destroyed as cases had been reported in which used seals were found inside empty boxes returned by treasuries to the contractors.

The Deputy Controller of the Currency accepted these suggestions and is taking necessary action.

It has also been suggested to the Controller of the Currency—

- (i) that the contractor may be required to keep a sufficient number of trollies at the Railway Station so as to be able to arrange as far as possible for the removal of the boxes from the platform to the Station compound in one consignment, and
- (ii) that in the case of large remittances a clerk or two according to the size of the remittance may be deputed by the receiving treasury to assist the accompanying potdar in watching the unloading of boxes from the wagon, their removal from the platform to the station compound and loading in the carts.

The action suggested will provide sufficient safeguards against such frauds and no further change in the existing procedure appears to be necessary. The case is being reported to the Controller of the Currency."

35. The Civil Nazir of a certain Senior Sub-Judge's Court prepared a cheque for Rs. 14 on the 14th April 1925 in favour of a person in payment of a Civil Court Deposit. Having got it signed by the Presiding Officer he converted the amount from 14 to 13514 as described below. The first line in the cheque provided for the entry of the amount in words after the words "Pay Rs." was altogether left blank and the amount in words, *viz.*, Rs. 14, was entered at the end of the second line. This gave the Nazir an opportunity for the addition of "thirteen thousand, five hundred and" in words as well as in figures. The same procedure was followed by him in writing the amount in the space provided for the purpose of writing a sum a little in excess of that for which the cheque was issued. In the counterfoil also the same procedure was followed, but there the place provided for the entry of the amount a little in excess was altogether left blank. The cheque thus forged from 14 to 13514 was cashed on the same day, *viz.*, 14th April 1925 and the misappropriation was not detected till the 8th May 1925, when the Civil Court Deposit Accounts for the month of April were compared with the Treasury Accounts before their submission to the audit office. This misappropriation was not the result of any defect in the rules, but was due to non-observance (both by the Presiding officer and the treasury) of the instructions contained in (1) Article 23 of Civil Account Code, Vol. I, 8th Edition, which lays down that the amount of cheque should be written in such a manner as to leave no space for interpolation and that the treasury should examine the words and corresponding figures with special care, and in (2) note 2 to Rule 10 of paragraph 234-A of the Punjab Treasury Manual and in the rules appearing in order XLIV, inserted by correction slip No. 19, dated 11th December 1917 (Rules and orders of the High Court, Vol. IV) which require that the number and date of original deposit should be noted on the cheque in the space provided for recording the nature of the payment.

During the course of local audit of these accounts it was detected that this Nazir had also made away with a sum of Rs. 300 received by him on the 11th March 1924, as a deposit. He had not entered it in his receipt register, nor had he issued the prescribed receipt therefor.

Another sum of Rs. 28 received on the 14th April 1925 was taken away by him on the 14th April 1925 when he cashed the forged cheque and absconded. He was subsequently arrested and he and an accomplice of his have each been sentenced to 5 years' rigorous imprisonment with a fine of Rs. 2,000 each. The fine has not yet been realised.

With regard to the responsibility of the Presiding Officer, the local Government has agreed with the High Court that he cannot be

exonerated from blame and must be held to have been guilty of negligence in signing the cheque in the form in which it was presented to him without proper scrutiny which was necessary and possible, however, busy the Presiding Officer might have been on other matters at the time he passed it for payment. It was at the same time considered that a total recovery from the Presiding Officer of Rs. 1,000 by deduction from his pay at the rate of Rs. 50 per month would suffice in respect of the offence by way of partial recoupment to Government of the sum of Rs. 13,514 for the loss of which he was held primarily responsible. Orders with regard to the remaining points have not yet been passed.

The Punjab Government have issued a circular letter to all heads of departments, controlling and disbursing officers in the Punjab asking them to bring to the notice of all officers who draw cheques that it is the duty of an officer who signs the cheque to satisfy himself that the entries are made in such a manner as to preclude the insertion of words or figures either in front or in continuation of the words or figures as entered in the cheque and that if he is guilty of negligence in this respect, he will be called upon to show cause why he should not make good any loss that may be occasioned to Government by his negligence. They have further ordered that necessary action may be taken to see that the clerks who are entrusted with the duty of filling in cheques fully understand the precautions that are to be taken against fraud.*

36. In November 1924, a letter was received in a treasury purporting to have been issued from the Accountant General, Bengal, authorising the Treasury Officer to pay a sum of Rs. 1,573 to the son of a deceased subscriber to the General Provident Fund of another province. On the authority of this letter the treasury paid the above sum on the 23rd December 1924 to a person who produced a copy of the letter endorsed to him and was duly identified by a pleader.

Subsequently four other letters purporting to have been issued from the Accountant General of Bihar and Orissa were received by the Accountant General, Bengal, one after another, requesting the latter to arrange for payment of the General Provident Fund money of certain deceased Government servants of Bihar and Orissa. A sum of Rs. 2,206 was paid on the 27th January 1925 by the Accountant General, Bengal, on the authority of one of these four letters to the alleged son and nominee of a deceased Sheristadar of a district Court of Bihar and Orissa. In this case, as the payee was not a known party, the payment was made by a crossed cheque issued in his favour on the Imperial Bank of India, Calcutta.

A third payment of Rs. 1,976 was made on the 13th March 1925 from the same treasury from which the first payment was fraudulently obtained, to an alleged son and nominee of a deceased clerk of the district court mentioned in the preceding sub-paragraph, on the authority of a letter issued by the Accountant General, Bengal, on receipt of one of the letters from the Accountant General, Bihar and Orissa, referred to above.

*Accountant General, Punjab.

When the debit for Rs. 1,573 on account of the first fraudulent payment referred to above was passed on, through the exchange account, to the Accountant General, Bihar and Orissa, he rejected the item saying that he never authorised such a payment.

An investigation was made into the matter and it was found that all the letters referred to in the preceding sub-paragraphs were forged. The Police were immediately informed and steps were taken to stop payment in respect of the other two sums which had not been paid till then. Four persons including a dismissed clerk of the office of the Accountant General, Bengal, were arrested. One of the accused died during the police investigation. The other three accused were committed to the Court of Sessions. One of them who made a confession was convicted and sentenced to eighteen months' rigorous imprisonment. The other two accused were also convicted and sentenced to rigorous imprisonment for a term of 2 years each.

The frauds, which were very cleverly done, were mainly due to a defective system of payments beyond the circle of audit in which a Government servant served. Practically no means were in existence in any audit office for verifying the genuineness or otherwise of letters received from other Audit Officers. To prevent recurrence of such cases the system of payment has been modified. Under the revised system, specimen signatures of the gazetted officers of one audit office who are authorised to issue authority for payments to be made beyond the audit circle are sent to all other audit offices. Also specimen signatures of the gazetted officers of the Audit offices who are authorised to issue payment orders on treasuries are to be sent to all Treasury Officers of the audit circle concerned. As an additional safeguard other audit officers have been requested to issue their letters of authority stamped with a seal.

As there is no chance of recovery, the amounts in respect of the first and the third payments have since been written off. For recovery of the amount in respect of the second payment, a civil suit has been instituted against a person other than the accused, through whom the crossed cheque was cashed.*

37. A subordinate official of a Tehsil embezzled certain sums aggregating Rs. 1,047 out of the money received by him in his capacity as Judicial Mohurrir of the Tehsil on account of cattle pound, excise and octroi receipts, etc.

From the replies received from the local authorities it would appear that the embezzlement was due to a defect in the handling of cash in the Tehsil. The procedure prescribed for the receipt, disposal and accounting of the moneys which pass into the hands of the Judicial Mohurrir is that all receipts must be accounted for and brought on to the Cash Book on the very day the money is received, and the money expended either by crediting it into the treasury, or by paying it to the rightful claimants under the orders of the officer in charge of the

* Accountant General, Bengal.

Tehsil. This procedure was not observed in the case under consideration. Sums of money were received by the Judicial Mohurrir but not brought on to the Cash Book. One of the causes which made this possible was that the system apparently did not prescribe for the issue of official receipts signed by a responsible officer for sums tendered at or remitted to the Tehsil. It would also appear that acknowledgments were issued by the Judicial Mohurrir over his own signature. The local authorities have since brought into use a receipt book with counter-foils to be issued under the signature of the Tehsildar or his Naib for each and every item of money received in that office.

To guard further against the chances of such defalcations occurring, orders have also been issued that early arrangements should be made to ensure that the cash work done and the Government money held by subordinate ministerial officers are regularly checked by gazetted officers.

The Judicial Mohurrir was tried and sentenced to undergo rigorous imprisonment for one year and to pay a fine of Rs. 500 or in default to undergo further rigorous imprisonment for 4 months. Out of the amount embezzled, his relatives have paid in a sum of Rs. 700, and a sum of Rs. 159 has since been recovered in respect of the fine, and enquiries have been made to ascertain if any further recoveries are anticipated.

The matter has been reported to the local Administration. It has been suggested by audit that all money received should be deposited direct into the local sub-treasury after taking a chalan duly written up by the Judicial Mohurrir. This point is receiving attention of the local Administration.

As stated above, out of the fine imposed, a sum of Rs. 159 was recovered; but this sum together with the sum of Rs. 700 referred to above was not credited into the treasury but utilised to adjust the various items of defalcations. The correct procedure would have been to have credited the full amounts realised into the treasury and to meet any claims thereafter, as occasion arose. This irregularity was brought to the notice of the local Administration which has since issued instructions to the various disbursing officers that departmental receipts should not be utilised in making payments of dues by Government in contravention of the rules.

38. A fraud involving a loss of Rs. 1,335 took place in the office of a certain disbursing officer in connection with advances drawn for the purchase of blasting powder. A criminal prosecution was started against a contractor and one of the departmental clerks and each of them has been convicted and sentenced to one year's rigorous imprisonment and a fine of Rs. 150, in default to undergo a rigorous imprisonment of two months. The fraud was committed by altering the date of receipt of blasting powder as entered in the Powder Register and preparing a second bill for advance in respect of the

same transaction and drawing money from the Treasury by presenting this bill. The gazetted officer who signed the bill could not detect the fraud owing to the defective practice followed by him in checking these bills. This practice was that the clerk who prepared the bills used to read out the entries in the Powder Register while the gazetted officer merely used to see that the entries thus read out agreed with those in the bills before he signed them. The trying magistrate has expressed the opinion that the defalcation was due to the defective practice followed by the gazetted officer in charge in checking the bills on which advances were drawn before signing them. He also thinks that another gazetted officer who was immediately in charge of the work neglected his duties, but for which the defalcation could not have taken place. The matter has been brought to the notice of the Government of India, but no orders regarding the action of the gazetted officers concerned have yet been passed.*

(b) *Temporary misappropriation of Government money.*

39(i). It was noticed from a monthly pay bill of the establishment of a certain Circle Office of the Archaeological Department that the pay of the Accountant was reduced from Rs. 125 to Rs. 110 for three years. The enquiry made by audit as to whether the punishment meted out to him was in connection with any irregularities committed by him in account matters, elicited the fact that the Accountant did not deposit into the Treasury the sale proceeds of garden produce and photographic prints for several years. The sale proceeds of photo-prints for the years 1922-23, 1923-24, 1924-25, and 1925-26, amounting to Rs. 281 and sale proceeds of garden produce for the years 1924-25 and 1925-26 amounting to Rs. 1,029 were not credited into the Treasury till 9th October 1926 when the misappropriation was brought to light.† (S)

(ii). A similar enquiry made with reference to the pay bill of the establishment of another circle of the Archaeological Department where the pay of the Head Clerk was shown as reduced from Rs. 70 to Rs. 60 for two years, elicited the fact that the Head Clerk had been responsible for more than one irregularity of a serious nature. On the 6th May 1926, when the head of the office examined the accounts, the actual cash in hand should have been Rs. 135, whereas it amounted to a few rupees only; the difference could not be made good by the Head Clerk till the 8th June 1926. The Head Clerk took leave on medical certificate from the 12th June 1926 and some days later it was found that he had neither paid the sale proceeds of photographs amounting to Rs. 71 to the head of the office nor had he deposited the same into the Treasury. The full amount of Rs. 71 is stated to have been subsequently recovered from him.

From the details as far as available it appears that in the two cases referred to above the misappropriations were rendered possible by lack of proper supervision on the part of the officers responsible for checking

* Audit Officer, Indian Stores Department.

† Audit Officer, Pay and Accounts Offices, Calcutta.

the Cash Books, Registers of Receipts, etc. At the suggestions made by audit the head of the department has since issued necessary instructions on the subject.* (S)

(iii) In course of correspondence with the Head of the Department on the above two cases, it came to the notice of audit that in a third case a temporary overseer engaged in connection with the excavation work at a certain place, where he was required to keep muster rolls of labour and to incur other petty contingent charges during the last hot weather (1926-27), had defrauded Government of several small sums of money aggregating Rs. 49 by means of bogus vouchers on account of tonga hire and cooly charges for which no occasion had arisen and which had not been actually disbursed. The amount was recovered from him and he was instantly removed from service. It is stated by the Head of the Department that every reasonable precaution is being taken to prevent a recurrence of such embezzlements.

All the cases mentioned above were not initially reported to audit as required under Article 29, Civil Account Code, Vol. I. The Head of the Department has, however, since issued the necessary instructions to all the Archaeological Officers on the subject.* (S)

(c) *Loss of Government money due to theft or robbery.*

40. In a certain Circle of the Survey of India Department Government money (Rs. 610) was stolen from an officer's custody while camping in Sibi district. The Head of the Department sanctioned the writing off of the sum stolen but ordered that a sum of Rs. 60 should be recovered from the officer. In reply to the enquiry made by audit it was stated that the loss was not due to any defect in the rules but it occurred owing to the officer not having taken sufficient precautions for safeguarding the money. He was, therefore, called upon to bear the loss of Rs. 60 only. The Head of the Department has been requested to consider the desirability of issuing instructions regarding the safe custody of the cash chests of Survey Detachments working away from the headquarters of the Party for minimising the chance of such losses in future and the matter is under his consideration.* (S)

41. A sum of Rs. 616 was stolen by a peon of a certain Department from a safe in which the money was deposited, the key of which was kept by a clerk. The latter had kept the key in the pocket of his coat which he left in his house while going out to visit a friend. During his absence the key was stolen from his pocket by the peon who then opened the safe and took away the money. The peon was prosecuted and sentenced to six months' imprisonment. The clerk has also been censured by the head of the Department for carelessness in regard to the custody of the key of the safe which was in his possession. The money related to a certain Fund which was administered by a Government servant, viz., the Superintendent in charge of the Circle, though the transactions relating to the Fund did not pass through Government accounts. The

* Audit Officer, Pay and Accounts Offices, Calcutta.

money was kept in charge of the clerk instead of having been deposited either in the local Government Treasury with proper sanction or lodged in the Post Office Savings Bank.*

(d) *Irregular action with a view to avoid lapse of budget grant.*

42. In November 1923 sanction was accorded to a sum of Rs. 11,000 for the sinking of a new well in the compound of a distillery. The officer in charge of the distillery drew Rs. 3,000 in lump from the treasury in March 1924 and the balance (Rs. 8,000) in March 1925. It appears however, that the first payment on this account was made by him in October 1924 and there were two further payments, in May 1925 and November 1926, the total being Rs. 6,433. Out of this a sum of Rs. 1,500 was refunded in January 1927, resulting in a net payment of Rs. 4,933.

The officer reported also that he had disbursed further sums aggregating Rs. 1,379 in April and May 1926 for the land acquired for the well in question.

It is clear that the money was drawn from the treasury to avoid lapse of the grant, as admitted by the officer, who stated in explanation that the amount was drawn with the double object of avoiding correspondence for obtaining a fresh sanction in the next year and having money ready for taking the work in hand immediately. The old well in the distillery having failed to supply sufficient water for fermentation and distillation purposes it was feared by the officer that Government revenue would suffer if very early steps for getting the new well dug were not taken.

The procedure adopted in this case was in direct contravention of the rules, which require that money should not be drawn from the treasury unless required for immediate disbursement.

The case was reported to the local Administration which held that the explanation of the drawing officer was not satisfactory, having regard to the rules, though his intention was genuine and in the interest of economy. After much correspondence the unspent balance was refunded to Government in February 1927.

43. In a certain Circle of the Archaeological Department a sum of Rs. 662 was drawn in March 1926 to meet the cost of printing plates of illustration for departmental publication, but the amount was not actually disbursed to the Party till 6th August 1926, as the work was not ready. As soon as it was known that the amount was not required for immediate disbursement, it should have been refunded to the treasury. The matter was reported to the Head of the Department who has intimated that a circular letter to the disbursing officers of the department has been issued instructing them to follow strictly the provisions laid down in Article 88, Civil Account Code, Vol. I (*viz.*, that no money should be withdrawn from the treasury unless it is required for immediate disbursement).† (P)

* Audit Officer, Indian Stores Department.

† Audit Officer, Pay and Accounts Offices, Calcutta.

44. Towards the close of the financial year 1924-25, a certain department requisitioned for supplies from another department, and desired the supplying department to prefer a claim during the year then closing for the value of the supplies which were actually made from May to November of the ensuing financial year. A claim for Rs. 6,000 for the cost of the articles supplied was accordingly preferred by the supplying department in March, *i.e.*, much in advance of the supplies, and was accepted for adjustment by the department supplied.

The action of both the departments was irregular :—of the supplying department in preferring a claim for supplies which had not been made and of the indenting department in accepting for adjustment the charge in advance of supplies presumably to prevent a lapse of the budget grant.

The case was reported to the local Administration which issued orders that such irregularities should not recur.

45. Towards the close of the financial year 1924-25 a certain department drew a sum of Rs. 11,938 and remitted it to some firms in payment of stores which were not actually supplied till June and July of the ensuing financial year. The action of the department was irregular as the payment was made in contravention of the rules, presumably to prevent a lapse of the grant.

On the case being brought to the notice of the local Administration it has remarked that such irregularities will be avoided in future.

(e) Purchase of materials in advance of actual requirements.

46. During the course of local audit of a certain agricultural institution, it was noticed that a sum of Rs. 1,031 was spent in May and June 1925 on the purchase of wood and coloured paper, etc., for fruit boxes. The boxes were not made and at the time of audit (July and August 1925) the wood was still lying in the godown. To incur expenditure for purposes other than those of great necessity and for works the completion of which was likely to take considerable time meant the unnecessary locking up of money. In reply to an enquiry on the subject the officer in charge explained that the purchase (which was for 2 or 3 seasons) and saving up of small quantity was uneconomical and in fact not possible, the wood having to be procured from a station outside the province. The matter was brought to the notice of the local Administration which has issued orders that the future purchases of this nature should be on a much smaller scale.*

47. In a certain Government of India Press the following machines were purchased long before they were actually required or could be brought into use because the new building in which they were to be installed could not be or was not expected to be completed till 1924-25. It should have been possible to anticipate the time when they were likely

*North-West Frontier Province, Accountant General, Punjab.

to be required and to avoid the expenditure of money long in adv. and the consequent loss of interest involved thereby.

| Names of machines and number. | Date of receipt in India. | Date on which they were brought into use. | Cost Rs |
|--|---------------------------|---|------------|
| Envelope making Machine— Four. | 7th Mach 1922. | 16th November 1926. | 55,00 |
| Perforating machine Rosbach —One. | 1st September 1920. | Not yet brought into use | 2,01. |
| Folding machine— One. | 1st September 1923. | 1st November 1926. | 7,02 |
| Book sewing machine—One | 18th January 1921. | 1st February 1925. | 5,38 |
| 'Seybold' a three knife trim- ming machine. | 6th June 1924. | 1st April 1926. | 14,08. |

One monotype casting machine costing Rs. 11,040 was received 19th August 1924, but as it could not be used by the Press for which was obtained, it was sent to another Press in December 1926.

The irregularities have been brought to the notice of the Government of India and their orders are awaited.*

(f) *Irregular drawal of advance.*

48. In February 1924 the Government of India, Department of Industries and Labour, authorised the Chief Inspector of Explosives to sanction for himself and the Inspectors of Explosives tour advances in respect of more expensive tours. From an examination of the Travelling allowance Audit Register for 1925-26 it was found that advances were drawn for all the tours undertaken by the Chief Inspector and the Inspectors, and advances were drawn in such rapid succession that almost every officer had a portion of the advance with him almost throughout the year. The amount of the advance was also found to be too large in some cases, e.g., an advance of Rs. 3,000 taken for an officer more than covered the travelling allowance admissible to him during the four succeeding months and the unutilised portion of the advance amounting Rs. 212 had to be refunded by deduction from the next tour advance. Another officer was allowed a tour advance of Rs. 2,500 in January 1926 which left a balance of Rs. 673 after covering the travelling allowance admissible to the officer for the tours undertaken during the rest of the financial year and this unspent balance was not refunded till the end of the financial year.

The attention of the Chief Inspector of Explosives was drawn to these irregularities and it was pointed out to him that according to the spirit of the Government of India orders he could sanction tour advances only for the more expensive tours and then only to an extent sufficient to cover a portion of the travelling expenses of the officer for the next tour. After some correspondence the Chief Inspector of Explosives, though he apprehended some difficulties in case of officers stationed away from headquarters, has agreed to follow the suggestion made by audit (S)

* Examiner of Government Press Accounts.

† Audit Officer, Pay and Accounts Offices, Calcutta.

49. Advances are made to cover the ordinary contingent expenses for a month of an officer on tour subject to the condition that no second advance should be drawn before the first one is accounted for. The Secretary to the head of a minor Administration drew an advance of Rs. 1,000 in connection with a tour of the head of the Administration. Ten days later when the actual expenditure, according to the adjustment bill sent subsequently, was only Rs. 50, a further sum of Rs. 1,000 was drawn without accounting for the former. The Pay and Accounts Officer who called for a written authority for the payment of this second advance contrary to the rules was furnished with a certificate that the tour advance originally drawn was found to be insufficient. An expenditure of only Rs. 102 was accounted for subsequently against the above advances while the balance of Rs. 1,898 was refunded into the treasury in cash in instalments in the course of two months succeeding that in which the advances were taken. As the officer had already been made aware of the irregularity in drawing advances in excess of requirements in connection with an advance drawn a few months before, an enquiry was made as to the circumstances under which the above advances, which proved to be much in excess of actual requirements, came to be drawn. The head of the Administration thereupon reported to the Government of India that advances taken by his office for tour expenses had, in the past, been partly utilised by gazetted officers towards their travelling and other expenses connected with their tour contrary to the provisions in the Civil Account Code and requested them to condone the irregularity in the above case with an assurance that such irregularities would be avoided in future. In view of this assurance, the Government of India condoned the irregularity.* (Q)

(g) *Extravagant or unauthorised and irregular expenditure of public money.*

50(i) The following case was brought to light in the course of the local audit of the accounts of a certain Division of a Department. A total estimate of Rs. 1,39,710 was sanctioned by the Government of India in connection with the construction of a new Kyar as shown below :—

| | Rs. |
|----------------------------------|----------|
| (a) Kyar Construction | 90,581 |
| (b) Platform | 27,340 |
| (c) Canal | 13,230 |
| (d) Cistern (one) | 3,809 |
| (e) Engine for pumping | 4,750 |
| Total | 1,39,710 |

Subsequently a revised estimate was submitted by the Head of the Department and sanctioned by the Government at a total cost Rs. 3,33,239 as shown below :—

| | Rs. |
|----------------------------------|----------|
| (a) Kyar Construction | 2,43,879 |
| (b) Platform | 50,800 |
| (c) Cisterns (two) | 12,300 |
| Total | 3,06,979 |
| (d) Engine for pumping | 26,260 |
| Total | 3,33,239 |

The completion report for the work, excluding item (d), shows following expenditure :—

| | Rs. |
|---------------------------------|----------|
| (a) Kyar Construction | 2,82,324 |
| (b) Platform | 6,720 |
| (c) Cisterns | 17,935 |
| Total | 3,06,979 |

As regards (a) the amount sanctioned in the revised estimate which was submitted when the work was nearing completion was Rs. 2,43,879. The excess expenditure of Rs. 38,445 requires the sanction of the Government of India. Similarly, the excess of Rs. 5,635 under item (c) also requires the sanction of the Government. As for the platform [item (b)] the revised estimate provided for a platform of 3156 ft. \times 150 ft. with *kunkar* rammed to a depth of 1 foot. As a matter of fact, however, the platform that was constructed was rammed with *kunkar* over an area of 820 ft. \times 160 ft., the average depth of *kunkar* being 7½ inches. It is not understood on what authority the savings in the platform estimate were diverted to other works. As no detailed account of the expenditure was forthcoming, the Divisional Officer was requested to produce the records in which measurements of work done, which formed the basis of the payments made, were recorded, but the latter has stated as follows :—

“In former days no measurements were used for works”.

It also appears that a provision of Rs. 20,070 was sanctioned by the Government of India in the estimate of a Transport and Storage Scheme for Rs. 1,80,958 for the construction of the platform in question. It is necessary to ascertain how much was actually spent on the platform out of the above provision. The revised estimate for the Kyar construction also contained a lump provision of Rs. 10,000 on account of pipe-laying and water arrangement. But the completion report shows that Rs. 1,100 only was spent on that account. The savings are stated to have been utilized on Kyar construction and the pipe laying was not completed.

The case has been reported to the Government of India, whose orders are awaited.

(ii) In connection with the construction of a new Kyar referred to in the previous paragraph a railway siding was also constructed through the agency of the Bombay, Baroda and Central India Railway. The original estimate as sanctioned by the Government of India was Rs. 27,189. This was subsequently modified and a revised estimate for Rs. 53,202 was sanctioned by the Government. The actual expenditure incurred on the siding, however, exceeded the revised estimate by Rs. 4,000 approximately. This excess was not regularised by obtaining the sanction of the Government of India.

The case has been reported to the Government of India, whose orders are awaited.

(iii) It was brought to light that a sum of Rs. 1,500 was spent by a certain disbursing officer on the construction of a compound wall for the Government Bungalow occupied by him although there was no sanctioned estimate or allotment of funds for the purpose. In order to avoid any objection in audit the expenditure was temporarily met from his permanent advance during 1924-25. An estimate was subsequently sanctioned during 1925-26 by the head of the Department and funds were allotted by re-appropriation, on receipt of which the money was drawn and the deficiency in the permanent advance recouped. The matter was reported to the Government of India who upheld the action of the head of the Department who had censured the officer concerned for the irregularity.*

51. In the charter party with a steamship company for hiring a ship, it was laid down that the 'wages' of the establishment would be borne by the Agents. Payments were, however, made by a Government official on account of 'overtime fees' to the establishment. The Government of India, however, ruled that the term "wages" appearing in the charter party included 'overtime fees' which should also be borne by the Agents. A total sum of Rs. 22,778 was thus erroneously paid. In its reply, the local Administration, to whom the matter was referred, stated that the case had since been referred to the Government of India whose orders are awaited.

52. The charges ordinarily admissible in connection with the provision and maintenance, at the cost of the state, of tennis courts in the residences of High Officials (*cf.* paragraph 431 (II) of the Public Works Department Code) do not include the entertainment of any establishment required for the courts. In the course of inspection of the accounts of an officer, it transpired that two tennis boys were being regularly paid their wages from Government funds for a considerable period against the grant for the garden. A copy of the report has been sent to the Government of India and is under consideration.

(h) *Loss or risk of loss occasioned by carelessness or neglect of the financial interests of Government.*

53. The Government of India had sanctioned the purchase by a certain disbursing officer of 100 forty-maund tubs together with sets of wheels at an estimated cost of Rs. 36,000. Rs. 32,000, however, drawn by the disbursing officer in March 1924 on account of the cost of these tubs and wheels (exclusive of railway freight) although only 29 tubs and railway receipts for 16 more had actually been received upto the end of March 1924. The order was not fully executed by the supplying firm till May 1924 and payment was actually made to them by the disbursing officer in June 1924. The money was drawn from the treasury in March 1924 long before it became due for payment evidently with a view to avoid a lapse of the grant. In addition to the sum of Rs. 32,000 referred to above, another sum of Rs. 8,146 was incurred on railway freight thus bringing the total cost of tubs and wheels to Rs. 40,146 as compared with Rs. 36,000 fixed by the Government of India in consultation with the Indian Stores Department. The additional amount was sanctioned by the Government of India in November 1924. After the tubs and wheels were received by the disbursing officer it was found that the wheels were not suitable and in May 1924 the latter enquired of the firm if they were prepared to take back the wheels and replace them by wheels of the correct design as shown in the drawing sent to the latter. The firm expressed their inability to take back the wheels stating that they would not be able to dispose of them and that the cost of the wheels of the correct design would be Rs. 8,400 at Rs. 42 per pair, whereas that for those supplied was Rs. 6,000 only at Rs. 30 per pair. The firm further suggested that the defect in the wheels supplied by them was evidently due to there being a clearance of $5/8$ " only, whereas it should be $7/8$ " and enquired whether it would not be possible to adjust the wheels to the required degree of clearance. The disbursing officer in a communication dated the 13th May 1924 to the address of the head of the Stores Department, however, asked for sanction to purchase through the Indian Stores Department of 200 pairs of wheels for 100 tubs at an estimated expenditure of Rs. 6,000 and stated that work was being delayed owing to derailments arising from fault in the wheels and that he had not had any renewals practically since the trucks had been put on the line. The purchase of 220 pairs of wheels (20 pairs were afterwards added) was accordingly sanctioned by the Government of India in March 1925 at a cost of Rs. 10,307. In a letter dated the 22nd August 1925 to the address of the Indian Stores Department the disbursing officer enquired whether the Stores Department would be able to find a purchaser for the wheels which, it was stated, had been rejected as being too light for the Mine trams at a low rate of Rs. 10 to Rs. 15 per pair. The Indian Stores Department replied that it was unable to dispose of the wheels. The disbursing officer again requested the Indian Stores Department to note the fact that the wheels in question were for sale in case there was any demand for them. The disbursing officer also

stated that the wheels in question were not of a first class type but might be suitable for tubs of about 1 ton gross weight not travelling at speed over 4 to 5 miles per hour, whereas at the Mine the tubs were of nearly 2 tons gross weight running at speed upto 12 miles an hour. It appeared that a considerable loss had occurred, this loss arising from the fact that new wheels had to be purchased owing to those previously obtained having been found to be defective and useless. The firm stated that they were not responsible for the defect in the wheels, these having been supplied according to the specification supplied to them and refused to replace the wheels at their own cost. The rejected wheels were offered for sale to the Indian Stores Department at about one-third of the cost price, but even so the latter could not dispose of them. The whole case has been reported to the Government of India, whose orders are awaited.*

54. During the Great War, two instruments were indented for from the Indian Stores Department, London, by an Institute, at an estimated cost of £60. The instruments could not be had at the price quoted, and the Indenting Officer was informed accordingly. As it was eventually decided that one instrument would suffice for the time being it was obtained at an actual cost of £973. As this instrument is no longer used for the purpose for which it was originally indented, it has been condemned as unserviceable, and the Government of India have sanctioned the write off of Rs. 14,715 on this account.

At about the same time, another instrument (plant) was also indented for by the same Institute and supplied. The plant was originally inadvertently reported by the Indenting Officer to be satisfactory to the Indian Stores Department, London, but was ultimately found to be unworkable and could be put to no use. A sum of Rs. 6,932 representing its value was written off by the Government of India. In passing orders for the write off of the loss, the Government of India considered that in certifying the plant to be working satisfactorily before it was fully assembled and tested, the certifying officer was guilty of carelessness, and remarked that if such carelessness recurred, Government would be compelled to hold the certifying officer personally responsible for losses.

It has been ordered by the Government of India that the instruments should be disposed of to the best advantage. They have not yet been disposed of. Some proceeds are expected from the sale when it is effected.

55. A Military officer was offered an appointment by the Delhi Public Works Department in 1921. He took leave from the Military Department for a period of 11 months and 25 days and joined his new post in August 1921, drawing full leave salary from the Military Department in addition to his pay in the Public Works Department. On the termination of his leave he retired from the Military Department with effect from 26th July 1922 and drew pension (upto 23rd May 1924) in addition to the pay he drew from the Delhi Public Works Department.

* Audit Officer, Indian Stores Department.

The salary of a military officer who is allowed to continue in + Civil Department after he has earned a military pension payable from Indian Revenues, should under the rules on the subject be reduced to the amount of pension so payable; also no leave salary for service in the military department was admissible in the case in addition to full pay in the Public Works Department, during the first part of the service.

The non-observance of these rules in the case led to an overpayment of Rs. 7,948. The recovery of the whole amount was, however, waived under the orders of the New Capital Committee.

The rules governing the re-employment of pensioners were not observed in the present case by the Public Works Department authorities. After the officer commenced drawing his pension from the Delhi Treasury from 26th July 1922, the Treasury Officer failed to obtain a certificate of non-employment required for every monthly payment of pension. The civil audit office was not in a position to detect this irregularity.

As regards the degree of responsibility of the military authority who granted leave to the officer and who knew that the officer was being re-employed under Government, the matter is under investigation by the Military Accountant General whose report is awaited.*

56. A stock of Monotype spare parts consisting of heading type moulds and matrices to the value of Rs. 6,355 obtained from England by one of the Government of India Presses in June 1919 and 1920 remained unused for over 3 years, and as it was found that they could not be used at all, the Controller of Printing, Stationery and Stamp negotiated with a private firm in Bombay, for their sale and offered to purchase other machinery or spare parts in exchange. The firm offered to purchase them for £220 or Rs. 2,913 in exchange for articles which might be required by Government. Against this amount articles to the value of £110-16-4 or Rs. 1,480 were purchased to end of October 1925 (Rs. 856 during the year 1925-26 and Rs. 624 during the year 1926-27 upto end of October 1926), and adjusted against the amount due from the firm. Two kinds of irregularities occurred in this connection:—

- (1) Monotype spare parts which were apparently not required and which could not be used within a reasonable period were obtained at a heavy cost, and had to be sold at a loss of Rs. 3,442 because the Controller in charge at the time did not use proper discretion in ordering for the articles which were not eventually required and had to be condemned as useless three years after. The articles remained in the original manufacturer's cases which were not even opened when they were offered for sale.

- (2) The procedure followed in this case of adjusting the cost of articles purchased against what should have been recovered

* Discovered by the Treasury Officer before formation of the separate Pay and Accounts Office, Delhi Civil Administration and pursued by audit.

and credited to Government as 'Revenue Receipts' was highly irregular and is opposed to the principle of Article 1, Civil Account Code, Vol. I. The amount due from the firm should have been realised and credited to Government as receipts, and the purchases should have been separately paid for and debited to the budget grants of the years concerned.

As the accounts for the year 1925-26 had been closed and no adjustment was possible in respect of the transactions of that year, it was suggested that the necessary adjustment should be made in regard to the transactions of the year 1926-27 in consultation with the Accountant General, Central Revenues. The balance due from the firm was required to be realised in full and credited to Government and the cost of all purchases that had already been made during the year 1926-27 and those that might be made hereafter required to be debited to the budget grant of the year concerned.

The irregularity has been reported to the Government of India and their orders are awaited.*

57. On the 23rd April 1926 a cashier in the Customs Department received a sum of Rs. 600 on account of customs duty after the day's collections had been sent to the Bank. Shortly after the receipt of the amount which consisted of ten rupee notes, the cashier left his table, and according to his statement asked the shroff, sitting next to him, to keep a watch on the bundle. Returning after a few minutes he found the bundle on the table missing. A thorough search was made but the notes could not be found. The cashier did not report the loss immediately to the Treasury Officer in charge as he believed that a member of the establishment was playing a practical joke at his expense and would probably return the money in good time. The loss did not thus come to the notice of the superior officers immediately as the collection was not included in the day's account. The cashier, however, reported the loss to the Treasury Officer on the following morning and also made good the amount. The police on being informed conducted a full enquiry but were unable to discover any trace of the amount.

After careful consideration of the case the Collector of Customs issued on the 7th January 1927, *i.e.*, after lapse of over 8 months an order imposing a fine of Rs. 50 on the cashier for his carelessness which led to the loss of money and sanctioned under the powers vested in him a write-off of Rs. 550 as he thought that the carelessness on the part of the cashier did not amount to serious negligence of duty. The cashier was also transferred from the Cash Section. A copy of this order was sent to the audit office for authorising the cashier to draw the refund of Rs. 550. It was then pointed out by the audit office that the power vested in the Collector to write-off was intended to cover cases of losses found to be irrecoverable and that it did not justify the re-opening of a case when once the loss was made good.

* Examiner of Government Press Accounts.

The Collector was accordingly informed that the payment could be authorised. Against this view of the audit office, the Collector appealed to the Central Board of Revenue who refused to order the redrawing of the money already paid into the Treasury by the Collector.

It is understood that the method of accounting for late revenue which was defective has now been changed and the Examiner of Customs Accounts who recently scrutinised the revised process considers it to be adequate.*

(i) *Double payments of the same claim.*

58. An Indian Civil Service Officer, on his transfer from Madras to Simla, charged in his travelling allowance bill, cashed in August 1926, a sum of Rs. 350 for the carriage of the maximum amount of personal effects admissible under the Rule, i.e., 40 maunds of luggage by goods train at Rs. 8-12-0 per maund. But the amount of luggage actually carried was much less. The object of his drawing the conveyance charge for the maximum amount of 40 maunds is reported to have been to recoup partially the cost of transporting his motor car, the free transport of which he was not entitled to as the question of necessity for the possession of motor car from the point of view of efficiency in the discharge of his new duties was still undecided. There would have been no objection to his motor car being treated in the circumstances as a part of his personal effects, if full facts of the case had been stated in the bill. Later on, when the Government of India sanctioned the re-imbursement of the cost of transport of motor car, the full cost of its transport, viz., Rs. 544, was drawn by the Collector in January 1927; but the amount already drawn (viz., Rs. 247) on the same account in the original bill, cashed in August 1926, was not refunded at the time. Thus a sum of Rs. 247 was drawn twice.

As it was not stated in either of the bills cashed in August 1926 and January 1927 that the cost of transporting the car was partially charged in the original bill for August 1926, the amount drawn in the latter bill was fully admitted in audit. The overdrawal was detected subsequently in the course of higher audit scrutiny which was undertaken some months later. When evidence of expenditure incurred was called for in support of Rs. 350, originally charged for the conveyance of personal effects, the officer stated the full facts of the case, and sent railway receipts showing that the freight actually paid was Rs. 103 only, as well as a cheque for the balance, viz., Rs. 247. The officer admitted that his action was irregular as he ought to have refunded the amount in the bill for January 1927, but explained that he did not refund it as he was contemplating the removal of the rest of his luggage from Madras (at a cost of about Rs. 400) if he was to be appointed to a permanent post in Northern-India.

* Accountant General, Bombay.

The controlling authority to whom the matter was reported did not appear to have taken any serious notice of the matter. While agreeing that the officer's action was irregular the controlling authority held that it did not unfortunately occur to the officer that he ought not to claim part of the same expenditure twice over and hold the surplus in deposit, as it were, till he had decided definitely whether to bring the rest of his effects from Madras, but there was no doubt as to the officer's good faith in the matter.

Without questioning the *bonâ fide* of the officer it is clear that the course adopted by him was irregular. Further, it cannot be denied that in the original bill for August 1926 a correct statement of facts in sufficient details was not given, in the absence of which the overdrawal escaped detection in audit. But for the scrutiny made in higher audit it is doubtful whether the facts of the case would ever have come to light and consequently the chances of recovery of the amount overdrawn were rather remote. This also shows that the bill was countersigned by the controlling authority as a matter of course.

59. The following are instances of petty financial irregularities in the same Administration :—

- (a) A sum of Rs. 21 representing stipend due to a teacher for 15 days of March was drawn in the establishment pay bills of the offices from and to which the teacher was transferred. The double payment was detected in audit and the amount was refunded in the next pay bill.
- (b) In similar circumstances the pay of a Patwari for 27 days of October was drawn twice by the heads of both the offices from and to which he was transferred. In both these cases the local Administration has admitted the irregularities and issued instructions to the officers at fault.
- (c) Another drawing officer drew the leave salary of a Government servant twice, viz., once in the regular pay bill for the month and again in a supplementary bill. This case was also reported to the local Administration for necessary action.
- (d) In another instance the leave salary of a clerk for the month of June was drawn twice (*vide* paragraph 172 of the Audit and Appropriation Accounts for 1924-25).

60. A conveyance allowance of Rs. 100 per month for the winter season of 1926 having been sanctioned for an officer of a Department of the Government of India, necessary authority for its payment at the Simla Treasury was issued on the 10th March 1927 by the office of the Accountant General, Central Revenues. Two days later, the officer informed the audit office that he had already told the Treasury Officer, Simla, that he would draw the conveyance allowance in Delhi.

and so he asked for its payment in Delhi. Consequent on the formation of the Pay and Accounts Office, Secretariat, with effect from 5 March 1927, the claim was subsequently dealt with by the Pay Office and a cheque for the allowance was issued in Delhi and the treasury officer, Simla, was requested to treat the letter of authority referred above as cancelled on the 24th March 1927. In spite, however, of assurance given by the officer in his letter of the 12th March 1927, a bill for the conveyance allowance was presented by him at Simla on the 17 March 1927 and paid before the letter cancelling the authority for payment reached the Treasury Officer.

This led to a double payment of the claim; the amount has since been recovered. The matter was reported by the Pay Office to the administrative department concerned who, however, would not pursue the matter further as they felt that no serious notice of the case seemed to be called for as the mistake appeared to be due partly to some misunderstanding as to whether payment would be made in Simla or Delhi and partly to the fact that the officer was at the time on duty in Delhi while his pay and allowance were drawn through a Bank at Simla. But the drawal of the same amount twice over from Government funds led to call for further action.

61. The Government of Bengal conveyed the sanction of the Government of India to the payment of three sums of money—Rs. 10, Rs. 254 and Rs. 89—on account of interest to Non-enemy Nationals whose property was taken over by the Government during the Great War and was subsequently released to them, and requested the Pay and Accounts Officer, Miscellaneous Central Departments, to place the sum at the disposal of the Liquidator of Hostile Firms in Bengal. On receipt of the orders of the Government of Bengal and on presentation of the bills by the Liquidator, the Pay and Accounts Officer made payments of the first two sums. As such interest payments are usually made by the Accountant General, Central Revenues, that officer also made the above two payments to the Custodian of Enemy Property in Simla, on the receipt of original orders of the Government of India. This resulted in double payment, but the amounts paid in excess were recovered from the party concerned, and there was no loss to Government. The double payment could have been avoided if the Pay and Accounts Officer had not anticipated the authority of the Accountant General, Central Revenues, to make the specific payment or if he had promptly intimated to the Accountant General the payment on the day it was made.* (S).

(j) *Unauthorised opening of a floating account with a Bank and irregular payments therefrom.*

62. As the result of an enquiry regarding the charge in a contingent bill for the purchase of a cheque book on the Imperial Bank of India it was brought to light that a floating account with the Bank was

opened by a certain circle of the Survey of India Department and a portion of the balance of the permanent contingent advance was deposited there, instead of being refunded to Government. This was in contravention of the Treasury Orders on the subject. The floating account was kept open for nearly eight months, at the end of which period the unspent balance of Rs. 1,754-1-0 was refunded into the Treasury.

From a scrutiny of the transactions of the account it is clear that (i) the contingent advance drawn was far in excess of the requirements and that (ii) it was used for irregular purposes of which only two instances are given :—

- (a) disbursement of pay of an officer proceeding on leave out of India, and
- (b) payment of unauthorised advances at the beginning or end of tours.

The case is still under reference to the Head of the Department, whose orders are awaited.* (T).

(k) *Loss occasioned by inaccurate wording of contracts.*

63. The Secretary of State permitted a certain Department of the Government of India to enter into a contract with a certain Officer whereby the amount of gratuity payable to him would be determined by years of service as set out in Article 474 (a), Civil Service Regulations.

The contract, however, was not drawn up (in August 1920) in accordance with the terms approved by the Secretary of State, and thus the Government of India exceeded the authorisation accorded to them.

The result was that after the retirement of the officer (in July 1927) there was a difference of opinion between the Audit Office and the Government of India as to how the term "Service" in respect to which the gratuity should be calculated, is to be interpreted. The Audit Office considered that the periods of leave should be rejected in terms of Articles 407 and 408, Civil Service Regulations, in reckoning the service for gratuity. This view was upheld also by the Auditor General. The Government of India, however, wished to grant the gratuity calculated on the total length of service (inclusive of periods of leave), although the difference between the two different methods of calculation of the gratuity was Rs. 2,500.

At the instance of the Audit Department the case was referred to the Secretary of State for India in Council and the sanction to the payment of the amount of gratuity as calculated by the Government of India was accorded by that authority.

This extra expenditure would not have been incurred, had the agreement been accurately worded. It is, therefore, desirable that a clear definition of the authority to enter into contract with Government servants should be issued. It is also necessary that when power has been delegated to a subordinate authority to enter into a contract the subordinate authority should draw up the contract in absolute accordance with the terms approved by the superior authority from whom delegation has been obtained.

(l) *Utilisation of Government money for private purposes.*

64. In the course of inspection of a certain office, it was found that the cash books and the Treasurer's account included transactions of Government accounts as well as the private accounts of officials including advances made to them from time to time and for payments made on behalf of a certain officers' mess. Accounts were, however, submitted to audit for the net amount accountable against the grant sanctioned by the Government, the entries relating to private accounts having been eliminated. What happened in respect of these transactions was that payments were made from Government money in the first instance, and were afterwards recovered from the parties concerned.

The matter has been reported to the Government of India and the case is under consideration.

(m) *Miscellaneous irregularities.*

65. *Irregularities in connection with advances for purchase of motor cars.*—An officer in charge of a survey party drew on the 22nd June 1926 an advance of Rs. 5,000 for the purchase of a motor car, sanctioned by the head of his department. He, however, went on leave out of India from the 26th *idem*, and the Pay and Accounts Officer who paid the advance knew of this only on the 28th. The mortgage bond and the insurance certificate which have to be furnished by officers taking the advance were not furnished in spite of repeated calls from the Pay and Accounts Officer. The officer who had, in the meanwhile, returned to duty on the 12th November 1926 reported on the 17th *idem* that the advance drawn by him was left in deposit with the bankers who had been dealing with the question of getting a car for him from England and that the car, which was insured, was on its way to India. In reply to a further reference he stated on the 1st February 1927 that he did not know whether the car had actually arrived. The mortgage bond was subsequently executed on the 28th February 1927 and furnished, but it was observed that the price of the car was shown therein as estimated at Rs. 5,000 and that it was insured for £300. On further enquiry the Administrative Officer in charge of the circle reported on the 6th May 1927 that the cost of the car would be only about Rs. 3,709 subject to verification of certain documents expected. The officer was asked to refund the balance after

adjusting any excess recoveries in the monthly instalments already recovered and this was done on the 22nd June 1927.

The officer had apparently no intention of purchasing the car in India at the time of drawing the advance and as such he should not have drawn the amount for deposit with his bankers, but should have drawn the same in England within six weeks prior to his departure for India. He also failed to refund forthwith to Government, as required by the rules, the difference between the advance drawn and the actual price as soon as he came to know of it. In view of the censure passed by the head of the department on the officer, that it was very unsatisfactory for one in his position to lay himself open to criticisms of this kind, the case was not pursued further.* (T).

66. Irregularities in connection with a donation for the construction of a hospital.—In 1919 a private gentleman offered a donation of one lakh of rupees for the construction of a hospital for the benefit of Gosha women, to be subsequently maintained and administered by Government. In connection with the scheme, the Collector deposited a sum of Rs. 33,200 into his office cash box and made disbursements from it during the period from 9th February 1923 to the 20th June 1924 when he handed over the balance of Rs. 1,536 to the Chief Medical Officer of the Station who had been directed in 1921 by the head of the local Administration to keep an account of all moneys and to file all bills and receipts. It was not until the 16th July 1924, nearly four years after the scheme was started, that the unspent balances of the concern were properly dealt with by deposit in the Imperial Bank of India.

The construction work appears to have been begun in July 1923 and was carried out through contractors by the Municipal Engineer of the station—it is urged in his private capacity—at the wishes of the medical officer of the station and donor, and with the approval of the head of the Administration. When the Audit Department became aware of these transactions and took up their audit, it transpired that although estimates were prepared, tender offered and accepted and measurements recorded on proper quantities, payments to the extent of Rs. 68,443 were made on plinth area bases, which generally were not recorded in the measurement books. The final bills submitted by contractors mostly contained no details. However, such items as it has been possible to analyse indicate that the contractors have not been paid more than their dues, and in the circumstances of the case, although the important check of comparing quantities measured with the quantities for which payments were made could not regularly be carried out, the Audit Department has agreed to accept the outlay as correct. The entire expenditure amounting to Rs. 1,02,225 is supported by payees' receipts. The hospital was handed over to Government on the 21st November 1925 from which date it is being maintained at Government cost.

*Audit Officer, Experiments, Bangalore.

Money coming into the hands of a Government officer in his capacities should be considered as subject to the Government revenue accounting and audit. It has been suggested that the balance of Rs. 637 in the banking account in January 1927 together with the further sums promised for extensions should be credited to the debit head as 'Contributions' in the Government accounts and any future expenditure on the buildings met regularly from that head.

The facts of the case were put before the head of the local Administration and it was suggested that he should informally obtain the approval of the donor to the figures as set out in an account submitted by the Department. The donor has since intimated that so far as he is concerned the purposes for which his donation was made have been properly carried out.* (S)

67. Failure to bring to account moneys received by a Government officer.—An advance of Rs. 50,000 was made by the Government of India in November 1919 to enable the revenue authorities of a neighbouring Administration to conduct, under Government control, the sale of imported rice at reasonable rates during a time of scarcity. When the advance was accounted for in January 1922, it was reported that a sum of Rs. 7,815 was spent in connection with the scheme of distribution and the balance only was refunded. It was, however, noticed during inspection of the treasury in July 1925 that a wooden box said to contain "rice money" had been deposited for safe custody from September 1924. As a result of enquiries regarding the same, the contents of the box amounting to Rs. 11,621 were remitted into the treasury on the 1st June 1926 to the credit of 'Revenue deposits' pending collection of details regarding the same.

Subsequently it was explained that out of the above amount, a sum of Rs. 7,959 represented the value of shortages in consignments of rice received by certain depot keepers who sold the rice imported under Government control. This sum had been deposited by them with the District Collector under instructions of the Food Controller of a neighbouring Indian State through whose agency rice was obtained, pending the result of a litigation with the importers of rice. The balance of Rs. 3,662 represented profits arising from the food grain operations due to the adjustment of retail prices over long periods on different consignments. The reasons adduced by the revenue department for not bringing the moneys to account were as under. In the former case, the money was not due to Government. In the latter case, the then District Collector thought that the amount might be needed to provide against the contingencies of the litigation, the former amount being increased. It was pointed out that there was no objection to the value of shortages being continued to be kept in deposit pending the result of the litigation. As regards the profits, these should be considered as a partial set off to the expenditure of Rs. 7,959 involved in the Government transaction, and as such should have been credited to Government, at the time. Orders were accordingly issued by the minor Administration that the profit of Rs. 3,662 should

credited to Government, subject to any further adjustments which may be necessitated as a result of the litigation. The amount was credited to Government in February 1927.* (S).

68. *Occupation of a building belonging to the Municipal Commission by a Government Official as residential quarters without previous agreement between the Government and the Municipal Commission.*—A Government official was allowed to occupy as her quarters a building belonging to the Municipal Commission. The Commission sent in a bill in October 1926 for Rs. 517 at Rs. 50 per mensem from 21st November 1925, the date of occupation to the 30th September 1926. On enquiry, it was found that there was no agreement between the Government and the Municipal Commission regarding the occupation of the buildings by the official in question, but that she was allowed to occupy it at the verbal request of her departmental head. It was also elicited that the rent of Rs. 50 was the amount paid by the previous occupants and that the capital cost of the building was Rs. 15,000. A proposal was also made to buy the building from the Commission instead of holding it on lease from them. It was pointed out that under the rules both courses required the sanction of the Government of India and that the previous sanction of that Government should have been obtained before the official was allowed to occupy the building. The official still continues to occupy the building. Final orders on the case are awaited.* (P)

69. *Occupation of Government quarters without payment of rent for electric installation and furniture.*—The occupants of Government quarters attached to a certain hospital were not paying rent for the electric installations and furniture in those quarters. On this being pointed out, orders were passed that rent should be recovered from the Lady Doctor and the Lady Sub-Assistant Surgeon. In the case of the nursing staff exemption from payment of rent was recommended to and sanctioned by the Government of India. The amount due to Government on account of the quarters occupied by the Lady Doctor and the Lady Sub-Assistant Surgeon is about Rs. 29 per mensem from the 21st November 1925, the date of occupation of the quarters. The officer in charge of the hospital, who was requested to arrange to recover the rents, has made a recommendation either to move the Government of India to sanction exemption in the case of the present incumbents of the posts, or, in the alternative, to sanction remission of rent up to the 31st March 1927 amounting to about Rs. 469. It is being pointed out that the proposed remission also requires the sanction of the Government of India.* (T)

70. *Irregular procedure for countersigning travelling allowance bills.*—The travelling allowance bills of the officers and establishment of the Cinchona Plantation at a station used to be prepared and countersigned by the controlling officer and then sent to the drawing officer for signature and encashment. As countersignature by Controlling Officer before the bill was signed by the drawing officer was irregular, the

matter was reported to the Government of India, Department of Education, Health and Lands, who have asked the controlling officer to discontinue the practice.* (S)

71. Overpayment of leave salary.—An officer of the Delhi Province was granted leave on average pay for 6 months with effect from the 16th April 1926. In the English Leave Salary Certificate issued by the Pay and Accounts Officer, Delhi Civil Administration, it was erroneously stated that the leave sanctioned could be extended by leave on average pay for 2 months and by leave on half average pay for a further period while under the rules the extension of the leave was due only for 19 days on average pay. On the strength of this entry, the officer was subsequently granted leave on average pay for 2 months (and on half average pay for 4 months) by the Secretary of State.

There was, on account of this error, an overpayment of leave salary at the rate of £111 per month for a period of 1 month and 11 days.

The irregularity was brought to the notice of the Pay office in June 1927 and an amended leave salary certificate has since been issued.

It has since been intimated to audit that the Punjab Government at whose disposal, the officer's services were placed have been pleased to waive the recovery from the officer under Article 228 of the Civil Accounts Code, Volume I, the Governor in Council being satisfied that the officer drew his leave allowance on average salary during the period, in the *bona fide* belief that he was entitled to it, that the overpayment was entirely due to the fact that the Pay Office, Delhi Civil Administration issued an incorrect certificate to the Officer and that it would be a distinct hardship to recover the excess payment from the officer who is on leave on half average pay preparatory to retirement. (S)

72. Irregular payment of lighting allowances to churches in cantonments.—A monthly allowance of Rs. 20 each for lighting was paid by the Civil Department to two cantonment churches although the churches were supplied with electricity free of charge by the Military Department under the Military Rules. Under Rule 6 of the rules for the installation of electricity for lighting, etc., in churches in cantonments, allowances for lighting, whether drawn from the Civil or the Military Department, are to cease from the date of electric installation.

The case was reported to the local Government who have ordered the discontinuance of the allowance with effect from 1st April 1927. The period for which the monthly allowance of Rs. 20 was irregularly drawn by each of the two churches cannot be stated with any precision and the local Government are in correspondence with the Archdeacon on this point so as to regularise the irregular payments up to the 31st March 1927.† (S)

73. Keeping Government money out of account without crediting it in the treasury.—An officer of the Telegraph Department deposited a

*Audit Officer, Pay and Accounts Offices, Calcutta.

†Director of Audit, United Provinces.

of Rs. 4,145 with an officer under a local Administration for safe custody. The latter did not credit the money into the treasury nor did account for it as required under the rules. In the course of enquiry, transpired that as there were no conditions under which the money deposited by the Telegraph Department, it was not credited into treasury but held in deposit under the impression that the Telegraph Department would either ask for the money or send instructions for its disposal. It was subsequently returned to the Telegraph Department and an explanation was called for as to why the money was not deposited into the treasury.

The action of both the officers was irregular involving the Government in a financial risk and also constituted a breach of the rules. The matter was brought to the notice of the local Administration, which while admitting that the officer undoubtedly made a mistake in keeping the amount with him remarked that he had acted in good faith.

4. Delay in final measurements of salt excavated in the Salt Mines.—It was noticed that considerable delay took place in the final measurement of excavation of salt at the Government Salt Mines. The miners are paid on *interim* measurements at approximate rates and the effect of the delay has been that in several instances money which had been overpaid to the miners in the first instance had to be recovered after a long time. A few instances of such delay are given below :—

| Month in which the excess payments took place. | Month in which recovery was made. | Amount. |
|--|-----------------------------------|---------|
| | | Rs. |
| March and July 1925 | December 1925 | 194 |
| May 1925 | February 1927 | 145 |
| March 1923. | November 1925 | 237 |
| November 1922 | December 1926 | 798 |

The matter has been reported to the head of the Department whose orders are awaited.*

5. Irregularity in Jail Maintenance accounts.—During the course of local audit of the Jail Maintenance accounts of a certain local Administration the following irregularities were noticed :—

- (a) Wheat flour for convalescents was charged for twice in accounts.
- (b) The pay for convict officials was drawn in excess of the number sanctioned by the Inspector General of Prisons.
- (c) Bed tickets for hospital patients were not carefully preserved and as a result diet was charged in the diet account in excess of the scale noted on these bed tickets.

In the third case the Superintendent of Jail, has been asked by the Administration to obtain orders in writing of the Medical Officer giving extra diet to in-patients in future, whereas in the second case Superintendent has been asked to obtain orders of the Inspector General of Prisons to regularise the excess payment. Orders of the Inspector General are also awaited on the first case. (S)

76. Non-payment of income tax on the portion of emoluments drawn in British India.—Under the Income Tax Act, 1922 and the special orders of the Government of India, the emoluments of the members of a certain establishment serving outside British India are not liable to income tax unless they are received in India. In the course of the inspection of the accounts of the said establishment, it appeared that while bills submitted to audit were all marked “Drawn in (i.e. outside British India)”, the major portion of the emoluments of the officers and staff was generally received in India, the amount being paid to their respective bankers by an Honorary Treasurer in British India. No income tax was levied even on the part of the emoluments thus drawn in British India, nor was any declaration of exemption made as required under paragraph 60 of the Income Tax Act of 1922. The position was explained to the head of the office concerned, who referred the case to the Government of India. The Government of India decided that the portion of the salary drawn in British India cannot be exempted from the operation of the Income Tax Act of 1922, and also that recovery of the unrealised income tax, except such portion as is barred by limitation (*vide* Section 34 of the Income Tax Act of 1922), cannot be waived as income tax is a statutory due. The question of recovery has since been taken up with the office concerned and the case is under correspondence.

77. Non-observance of rules in respect of vouchers to be submitted to audit.—Under the rules confidential vouchers, as distinguished from secret vouchers, should be submitted to audit, while vouchers for secret service expenditure should be submitted to Government, who on passing those vouchers, will intimate to the Accountant General that the secret vouchers have been passed. A certain officer serving outside British India decided to treat charges relating to rewards to tribesmen and Toshakhana charges as secret, and has not submitted to audit such vouchers. As the class of charges referred to are not ordinarily treated as secret, the matter has been referred to the Government of India.

PART II.—AUDIT OBJECTIONS.

Note 1.—Throughout this part any figure with the Rs. sign before it represents actual number of rupees. Otherwise, the amount shown represents thousands of rupees; thus 10,64 reads as ten lakhs and sixty four thousands of rupees.

Note 2.—The statistics in Chapter III include objections recorded in the books of Primary Accounts Officers on account of Civil Works and Irrigation Works.

Note 3.—The statistics in Chapter III are exclusive of establishment charges which are paid directly at treasuries and included in the figures for non-works transactions given in Chapter IV.

CHAPTER III.—WORKS TRANSACTIONS.

A.—STATISTICS OF OBJECTIONS.

78. Percentage of objections to total expenditure :—

| | Direct Transactions. | | Agency Transactions. |
|---|----------------------|-----------------|----------------------|
| | Civil Works. | Irrigation, etc | Civil Works. |
| Total expenditure relating to the year under review | (a) 2,40,40 | 6,36 | 29,71 |
| Total amount of objections | (b) 52,97 | 1,18 | 4,33 |
| Amount of objections common to more than one head of objections | 4,59 | 78 | 1 |
| Percentage of total objections (2) above to total expenditure (1) above | 21.24 | 18.55 | 14.67 |
| Percentage of net objections (2) above minus (3) above to total expenditure (1) above | 19.39 | 6.29 | 14.64 |
| Percentage of the preceding year similar to (4) above | 23.61 | 13.04 | 9.02 |
| Percentage of the preceding year similar to (5) above | 22.52 | 13.04 | 9.02 |

a) Includes 10,73 for Currency Note Printing Press and Central Stamp Stores projects at Road, 31,86 for Vizagapatam Harbour Construction and 1,59 for Archaeological Works.

b) Includes 5,46 for Currency Note Printing Press and Central Stamp Stores projects at Road, 3,80 for Vizagapatam Harbour Construction and 5 for Archaeological Works.

Explanation—

The percentages of objections representing substantial deviation from rules (excluding amounts objected to under more than one head of objection) for individual provinces or areas which seem to require notice are dealt with below :—

| Area. | Percentage for 1926-27. 1925-26. | | Remarks. |
|---|--|-------|---|
| <i>Direct Transactions—Civil Works.</i> | | | |
| Delhi Public Works Department | 14.4 | 27.5 | There is a marked improvement in the percentage of objections as compared with the previous year. The percentage for the year 1924-25 was 14 and there is no improvement as compared with that year. |
| Simla Imperial Circle | 12.1 | 21.67 | The lower percentage indicates improvement during the year under report. |
| Currency Note Printing Press and Central Stamp Stores projects at Nasik Road—Formerly known as Security Printing Works. (Accountant General, Bombay.) | 0.94 | 16.12 | The percentage of net objections excluding objections for want of vouchers to the total expenditure of the year under review works out to . . . 44.91 Corresponding percentage for the previous year . . . 15.28 The objection during the year related to the work of construction of the Currency Note Printing Press, Nasik Road, and the irregularity has since been remedied by the sanction to the estimate communicated to the Audit Office in February 1927. The outlay which was objected to first appeared in August 1926. |
| Kabul Legation Division. (Accountant-General, Punjab) | 17.82 | 21.25 | The increase in the percentage of gross objections (<i>viz.</i> , 39.81 against 21.25 for the preceding year) is mainly due to non-receipt of vouchers amounting to 1.37 with the Divisional accounts for the month concerned. The percentage of net objection, however, compares favourably with the corresponding percentage for the preceding year. |
| Port Blair Division | 35.47 | 6 | The high percentage was mainly due to non-receipt of vouchers with the Divisional accounts. The amount of objections on this account was 31 against the total amount of 39 placed under objection. |

| Area. | Percentage for | | Remarks. |
|---|-------------------|------------|--|
| | 1926-27. | 1925-26. | |
| <i>Direct Transactions—Civil Works—contd.</i> | | | |
| Vizagapatam Harbour Construction (Audit Officer) | 11.93 | <i>Nil</i> | The objections during the year under report relate almost entirely to want of sanctioned detailed estimates for works. |
| Bombay | 8.82 | 10.26 | Percentage of net objections to total expenditure after excluding objections for want of vouchers is <i>nil</i> during the year under report as against 8.46 during the previous year. |
| Surma | 6.52 | 1.8 | The increase in the percentage is chiefly due to want of estimate for 2 works for 2 out of the total of 3. |
| North-West Frontier Province. [Deputy Assistant Controllor of Military Accounts (Works), Waziristan] | 64.6 | 28.2 | No remarks have been offered by the Audit Officer. |
| Audit Account Office of the Garrison Engineer, Hazara District. | 15.41 | <i>Nil</i> | The high percentage is due to heavy objections under "out-standings against contractors" and "unvouched outlay". No percentage for the year 1925-26 is available as this is the first report from the Hazara District. |
| Civil Works under Engineer-in- Chief. [Deputy Assistant Con- troller of Military Accounts (Works), Waziristan] | 94.9 | 28.2 | No remarks have been offered by the Audit Officer. |

Agency Transactions—Civil Works.

| | | | |
|-----------------|-------|-------|---|
| Sam | 12.37 | 12.63 | Objections of 19 out of 24 were due to the fact that works in connection with certain annual repairs were started by a Civil Disbursing Officer prior to the sanction of estimates which resulted in the high percentage. |
| Malga | 24 | 22 | No remarks have been offered by the Audit Officer. |
| Mar and Orissa. | 9.91 | 1.16 | The high percentage of objections was due to vouchers not having been received along with the monthly accounts. |

| Area. | Percentage for | | Remarks. |
|-------|-------------------|----------|----------|
| | 1926-27. | 1925-26. | |

Agency transactions—Civil Works—contd.

| | | | |
|--------------------------------|-------|------|--|
| Bengal | 8.09 | 61 | Percentage of net objections to total expenditure after excluding objections for want of vouchers is 5.27 during the year under report, the corresponding percentage for the preceding year being 3.96. The increase in the percentage of objections to the total expenditure is due to the outlay on a work costing Rs. 10,511 incurred without sanction to estimate. |
| Burma | 7.09 | 3.6 | Want of estimate in one instance and excess over estimate in a second case accounts for half the total amount of objection, viz., 9 during the year under report. |
| Burma (29 Political) | 14.53 | 5 | An excess over a single estimate accounts for 19 out of 84 held under objection during the year under report. Delay in the submission of vouchers largely accounts for the high percentages. |
| Central Provinces | 8.33 | 3.92 | The increase in the percentage is mainly due to expenditure incurred without estimates and to excess over sanctioned estimates in two divisions. The objections have since been cleared. |

B.—ANALYSIS OF OUTSTANDING OBJECTIONS.

79. Analysis of objections outstanding on 31st July 1927.

(a) Direct transactions—Civil Works.

| Class of objections. | Number and amounts of objections outstanding on 31st July 1927. | | | | | | | |
|--|--|----------|----------|---|---|--------|-------|-----------------|
| | Preceding years' objections. | | | Objections of year under review. | | | | Grand Total. |
| | 1923-24 and preceding years. | 1924-25. | 1925-26. | Raised up to 31st March 1927. | Raised after 31st March 1927. | Total. | | |
| | | | | | | | | |
| | | | | | | | | |
| I. Want of Estimates— | | | | | | | | |
| Nos. of Items | 1 | 2 | 4 | 96 | 22 | 118 | 125 | |
| Amounts | 2 | 1 | 2 | 5,58 | 51 | 6,09 | 6,11 | |
| II. Excess over Estimates— | | | | | | | | |
| (a) Covered by administra- tive approval— | | | | | | | | |
| Nos. of Items | 17 | 28 | 113 | 232 | 91 | 323 | 481 | |
| Amounts | 97 | 50 | 2,10 | 5,86 | 1,76 | 7,62 | 11,19 | |

| Class of objections. | Number and amounts of objections outstanding on 31st July 1927. | | | | | | |
|---|--|----------|----------|---|---|--------|-----------------|
| | Preceding years' objections. | | | Objections of year under review. | | | Grand Total. |
| | 1923-24 and preceding years | 1924-25. | 1925-26. | Raised up to 31st March 1927. | Raised after 31st March 1927. | Total. | |
| I. Excess over Estimates— <i>contd.</i> | | | | | | | |
| (b) Not covered by administrative approval— | | | | | | | |
| Nos. of Items | 1 | ... | 2 | 5 | 4 | 9 | 12 |
| Amounts | 15 | ... | 1 | 2 | 6 | 8 | 24 |
| II. Miscellaneous Irregularities— | | | | | | | |
| Nos. of Items | 7 | 22 | 31 | 496 | 132 | 628 | 688 |
| Amounts | | 70 | 64 | 3,59 | 1,56 | 5,15 | 6,56 |
| Total— | | | | | | | |
| Nos. of Items | 26 | 52 | 150 | 829 | 249 | 1,078 | 1,306 |
| Amounts | 1,21 | 1,21 | 2,77 | 15,05 | 3,89 | 18,94 | 24,13 |
| Total on the 31st July of the preceding year— | | | | | | | |
| Nos. of Items | 34 | 112 | 479 | .. | ... | ... | 625 |
| Amounts | 3,58 | 2,86 | 8,57 | ... | ... | ... | 15,01 |
| Increase (<i>plus</i>) or decrease (<i>minus</i>)— | | | | | | | |
| Nos. of Items | —8 | —60 | —329 | 829 | 249 | 1,078 | 681 |
| Amounts | —2,37 | —1,65 | —5,80 | 15,05 | 3,89 | 18,94 | 9,12 |

Explanation—

1923-24 and preceding years.—Out of 26 items aggregating 1,21, 4 items of 11 for 1918-19, 2 items of 2 for 1921-22, 3 items of 3 for 1922-23 and 8 items of 56 for 1923-24 relate to the Delhi Public Works Department and 9 items of 49 pertaining to Civil Works in the North West Frontier Province for Peshawar, Waziristan and Hazara Districts have been reported by the Deputy Controller of Military Accounts (Works), Peshawar. All the items relating to the Delhi Public Works Department are still under settlement with the exception of 1 petty item which has since been cleared. As regards the 9 items of 49 the Audit Officer concerned has furnished no explanation. The two main items out of these amounting to 42 were objected to for want of sanction to excess over estimates.

1924-25.—Out of 52 items amounting to 1,21, 4 items of 43 relate to the Simla Imperial Circle, 41 items of 51 to the Delhi Public Works Department and 5 items of 26 pertaining to Civil Works in the North

West Frontier Province for Waziristan and Hazara Districts and 2 items of 1 pertaining to Civil Works under Engineer-in-Chief in Waziristan have been reported by the Deputy Controller of Military Accounts (Works), Peshawar. Four items of 43 relating to the Simla Imperial Circle represent debit to Miscellaneous advances of establishment charges recoverable from the Simla Municipality. Of the 41 items pertaining to the Delhi Public Works Department 2 petty items have since been cleared and the remaining 39 items of 51 are still under settlement. As regards 7 items of 27 the Audit Officer concerned has furnished no explanation.

1925-26.—Out of 150 items of 2,77, 7 items of 53 relate to the Simla Imperial Circle, 84 items of 78 to the Delhi Public Works Department, 44 items of 99 pertaining to Civil Works in the North West Frontier Province for Waziristan and Hazara Districts and 15 items of 47 pertaining to Civil Works under Engineer-in-Chief in Waziristan and Quetta have been reported by the Controller of Military Accounts concerned. Seven items of 53 relating to the Simla Imperial Circle represent debit to Miscellaneous advances of establishment charges recoverable from the Simla Municipality. All the items pertaining to the Delhi Public Works Department and 1 petty item relating to Civil Works under Engineer-in-Chief in Quetta are under settlement. As regards the remaining 58 items of 1,46, the Audit Officer concerned has furnished no explanation.

(b) *Direct Transactions—Irrigation Works.*

| Class of objections. | Number and amounts of objections outstanding on 31st July 1927. | | | | | |
|---|---|----------|----------|-----------------------------------|-------------------------------|--------------|
| | Preceding years' objections. | | | Objections of year under review.. | | |
| | 1923-24 and preceding years. | 1924-25. | 1925-26. | Raised up to 31st March 1927. | Raised after 31st March 1927. | Grand Total. |
| I. Want of Estimates— | | | | | | |
| Nos. of Items | ... | ... | ... | 1 | ... | 1 |
| Amounts | ... | ... | ... | (*) | ... | (*) |
| II. Excess over Estimates— | | | | | | |
| (a) Covered by administrative approval— | | | | | | |
| Nos. of Items | ... | ... | 2 | 3 | 3 | 8 |
| Amounts | ... | ... | (*) | 16 | 3 | 19 |
| (b) Not covered by administrative approval— | | | | | | |
| Nos. of Items | ... | ... | ... | ... | ... | ... |
| Amounts | ... | ... | ... | ... | ... | ... |

(*) Represents amount less than Rs. 500.

| Class of objections. | | Number and amounts of objections outstanding on 31st July 1927. | | | | | | |
|---|--|---|----------|----------|----------------------------------|-------------------------------|--------|--------------|
| | | Preceding years' objections. | | | Objections of year under review. | | | Grand Total. |
| | | 1923-24 and preceding years. | 1924-25. | 1925-26. | Raised up to 31st March 1927. | Raised after 31st March 1927. | Total. | |
| III. Miscellaneous Irregularities— | | | | | | | | |
| Nos. of Items . . . | | ... | ... | 1 | 9 | ... | 9 | 10 |
| Amounts . . . | | ... | ... | 1 | 20 | ... | 20 | 21 |
| Total— | | | | | | | | |
| Nos. of Items . . . | | ... | ... | 3 | 13 | 3 | 16 | 19 |
| Amounts . . . | | ... | ... | 1 | 36 | 3 | 39 | 40 |
| Total on the 31st July of the preceding year— | | | | | | | | |
| Nos. of Items . . . | | 1 | 1 | 28 | ... | ... | ... | 30 |
| Amounts . . . | | (*) | (*) | 8 | ... | ... | ... | 8 |
| Increase (plus) or decrease (minus)— | | | | | | | | |
| Nos. of Items . . . | | —1 | —1 | —25 | 13 | 3 | 16 | —11 |
| Amounts . . . | | (*) | (*) | —7 | 36 | 3 | 39 | 32 |

Explanation—

1925-26.—No remarks have been offered by the Audit Officer concerned in respect of 3 items of 1 relating to Irrigation Works in the North West Frontier Province.

(c) Agency Transactions—Civil Works.

| Class of objections. | | Number and amount of objections outstanding on 31st July 1927. | | | | | | |
|---|--|--|----------|----------|----------------------------------|-------------------------------|--------|--------------|
| | | Preceding years' objections. | | | Objections of year under review. | | | Grand Total. |
| | | 1923-24 and preceding years. | 1924-25. | 1925-26. | Raised up to 31st March 1927. | Raised after 31st March 1927. | Total. | |
| I. Want of Estimates— | | | | | | | | |
| Nos. of Items . . . | | ... | ... | ... | 20 | 1 | 21 | 21 |
| Amounts . . . | | ... | ... | ... | 18 | (*) | 18 | 18 |
| II. Excess over Estimates— | | | | | | | | |
| (*) Covered by administrative approval— | | | | | | | | |
| Nos. of Items . . . | | ... | ... | ... | 43 | 9 | 52 | 52 |
| Amounts . . . | | ... | ... | ... | 6 | (*) | 6 | 6 |

(*) Represents amount less than Rs. 500.

| Number and amount of objections outstanding on 31st July 1927. | | | | | | | | | | |
|---|--|----------|----------|---|---|--------|--------------|-----|-----|----|
| Class of objections. | Preceding years' objections. | | | Objections of year under review. | | | Grand Total. | | | |
| | 1923-24 and preced- ing years. | 1924-25. | 1925-26. | Raised up to 31st March 1927. | Raised after 31st March 1927. | Total. | | | | |
| (b) Not covered by adminis- trative approval— | | | | | | | | | | |
| Nos. of Items | . | ... | ... | ... | ... | ... | ... | ... | | |
| Amounts | . | ... | ... | ... | ... | ... | ... | ... | | |
| III. Miscellaneous Irregulari- ties— | | | | | | | | | | |
| Nos. of Items | . | . | . | ... | 1 | 3 | 12 | 4 | 16 | 20 |
| Amounts | . | . | . | ... | 13 | 2 | 24 | 2 | 26 | 41 |
| Total— | | | | | | | | | | |
| Nos. of Items | . | . | . | ... | 1 | 3 | 75 | 14 | 89 | 93 |
| Amounts | . | . | . | ... | 13 | 2 | 48 | 2 | 50 | 65 |
| Total on the 31st July of the preceding year— | | | | | | | | | | |
| Nos. of Items | . | . | . | 1 | 4 | 68 | ... | .. | ... | 73 |
| Amounts | . | . | . | 10 | 16 | 31 | ... | ... | ... | 57 |
| Increase (plus) or decrease (minus)— | | | | | | | | | | |
| Nos. of Items | . | . | . | —1 | —3 | —65 | 75 | 14 | 89 | 20 |
| Amounts | . | . | . | —10 | —3 | —29 | 48 | 2 | 50 | 8 |

Explanation—

1924-25.—One item of 13 representing excess expenditure over contribution in connection with the construction of Consulate buildings at Ahwaz on behalf of the Sheikh of Mohammerah in the Persian Gulf, which is outstanding in the books of the Accountant General, Bombay, is still under settlement.

1925-26.—For one petty item relating to Burma and for two items of 2 relating to Bombay, the Audit Officers concerned have not offered any remarks.

C.—PERCENTAGES OF WORKS STARTED WITHOUT ESTIMATES TO TOTAL NUMBER OF WORKS STARTED DURING THE YEAR.

80. Percentages of works started without estimates to the total number of works started during the year separately under "Original Works", "Special Repairs" and "Ordinary Repairs".

Note 1.—The subjoined tables exhibit percentages collectively for the whole of India.

Note 2.—The percentages have in most cases been calculated by taking only a few out of the total number of divisions in each province or area.

(a) *Direct Transactions—Civil Works.*

Note.—The percentages have been calculated on Central Civil Works including Archaeological works spread all over India and Vizagapatam Harbour Construction works.

| Original Works, | | Special Repairs, | | Ordinary Repairs, | |
|-----------------|----------|------------------|----------|-------------------|----------|
| 1926-27. | 1925-26. | 1926-27. | 1925-26. | 1926-27. | 1925-26. |
| 6.56 | 10.40 | 4.34 | 3.77 | 16.41 | 13.35 |

Explanation—

The percentages relating to individual provinces or areas which seem to require notice are dealt with below :—

| Area. | Particulars of Works. | Percentage of 1926-27. 1925-26. | | Remarks. |
|--------------------------------|-----------------------|------------------------------------|------|---|
| Delhi Public Works Department. | Ordinary repairs | 32.7 | 29.7 | Out of 380 Works, 124 were started without sanctioned estimates during the year under report. The Central Accounts Officer in explaining the high percentage under "Ordinary Repairs" for 1925-26 stated that the Chief Engineer, Public Works Department, Delhi, was informed that his orders of June 1924 regarding the irregular practice of starting a large number of annual repair Works without sanctioned estimates were being disregarded and that the Chief Engineer intimated to him in March 1927 that he had drawn special attention of the Executive Engineers to those orders and warned them that serious action would be taken of delays in submission of such estimates in future. As a result of this action the Departmental Accounts Officer has expressed the hope that there will be a considerable reduction in the number of annual repair works started without estimate in future, i.e., in 1927-28. |

| Area. | Particulars of Works. | Percentage of 1926-27. 1925-26. | | Remarks. |
|---|---------------------------------------|---------------------------------|-------|---|
| Vizagapatam Harbour Construction. | Original Works | 100 | * | The high percentage is due to 12 works having been started during the year under report all without detailed sanctioned estimates. |
| Simla Circle. | Ordinary Repairs | 44.44 | 37.41 | The increase in the percentage is due to 88 works out of 198 having been started without sanctioned estimates. With regard to the high percentage of 37.41 during the preceding year the Auditor General remarked that among other divisions the Simla Imperial Division had a particularly bad record. |
| Kabul Legation Division (Accountant General, Punjab). | Original Works . | 23.81 | 39.13 | Out of 42 works 10 were started without estimates during the year under report. Although this percentage compares favourably with that of the preceding year, still there is room for improvement. |
| Ajmer Division . | Ordinary Repairs. | 41.7 | Nil. | The high percentage is due to 71 out of 171 works having been started without sanctioned estimates. |
| North West Frontier Province [Deputy Assistant Controller of Military Accounts (Works), Waziristan.] | Original Works . | 21.8 | 21.3 | Out of 139 original works, 3 special repair works and 278 ordinary repair works, 29, 2 and 50 respectively were started without sanctioned estimates during the year under report. |
| Do. | Special Repairs | 66.6 | 1.6 | |
| Do. | Ordinary Repairs. | 18 | 7.5 | |
| [Deputy Assistant Controller of Military Accounts (Works), Peshawar.] | Special Repairs. | 17.65 | 6.25 | Out of 102 works, 18 were started without estimates during the year under report. |
| Civil Works under Engineer-in-Chief [Deputy Assistant Controller of Military Accounts (Works), Waziristan.] | Original Works . | 100 | 23.1 | The high percentage is due to 11 works having been started during the year under report all without estimates. |
| Madras and Coorg. | Archæological Works—Ordinary Repairs. | 24.5 | 5.8 | The increase in the percentage during the year under report is due to delay in sanctioning estimates for 25 works out of 102 started during the year. |

* Not available.

(b) Direct Transactions—Irrigation Works.

| Original Works, | | Special Repairs, | | Ordinary Repairs, | |
|-----------------|----------|------------------|----------|-------------------|----------|
| 1926-27. | 1925-26. | 1926-27. | 1925-26. | 1926-27. | 1925-26. |
| <i>Nil.</i> | 3.00 | <i>Nil.</i> | 1.90 | 9.89 | 7.35 |

Explanation—

The comparatively high percentage under 'Ordinary Repairs' during the year under report is mainly due to 14 works out of 50 having been started without sanctioned estimates in the Ajmer Division.

(c) Agency Transactions—Civil Works.

| Original Works, | | Special Repairs, | | Ordinary Repairs, | |
|-----------------|----------|------------------|----------|-------------------|----------|
| 1926-27. | 1925-26. | 1926-27. | 1925-26. | 1926-27. | 1925-26. |
| 7.04 | 2.04 | 5 | 7.62 | 14.56 | 7.24 |

Explanation—

The percentages relating to individual provinces or areas which seem to require notice are dealt with below :—

| Area. | Particulars of Works. | Percentage of 1926-27. 1925-26. | | Remarks. |
|-------------------|-----------------------|------------------------------------|-------------|--|
| Bengal | Ordinary Repairs | 34 | 1 | The high percentage is mainly due to 25 works out of 86 in a Division having been started before sanction to the estimates. |
| Burma | Ordinary Repairs | 22 | 16 | Out of 32 works, 7 were started without sanctioned estimate during the year under report. |
| Burma (Political) | Original Works | 35 | <i>Nil.</i> | Out of 21 works, 8 were started without sanctioned estimates. |
| Madras | Ordinary Repairs | 17.8 | 9.4 | Out of 208 works, 37 were started without sanctioned estimates during the year under report. The increase in the percentage is mainly due to delay in sanctioning the lump sum estimates and in communicating sanctions to the audit office. |

CHAPTER IV.—OTHER TRANSACTIONS.

A.—STATISTICS OF OBJECTIONS.

81. Percentage of objections to total expenditure :

| | Direct transactions. | Agency transactions. |
|--|----------------------|----------------------|
| 1. Total expenditure placed under objection relating to the year under review. | 1,68,17 | 11,88 |
| 2. <i>Deduct—</i> | | |
| (a) Amount relating to debt heads including suspense. | 96,17 | 5,34 |
| (b) Amount placed under objection for want of detailed contingent bills. | 36,29 | 1,50 |
| Total Deductions | 1,32,46 | 6,84 |
| 3. Net expenditure placed under objection which represents substantial deviation from rules. | 35,71 | 5,04 |
| 4. Total expenditure relating to the year debited to service heads audited during the year. | 36,00,72 | 2,44,64(*) |
| 5. Percentage of objection (3) above to expenditure (4) above. | | 2.06 |
| 6. Similar percentage for the preceding year | 2.78 | 7.22 |

Explanation—

The percentage of objections representing substantial deviation from rules for the whole of India as well as for individual provinces or areas which seem to require notice are dealt with below :—

| Area. | Percentage of | | Remarks. |
|--|---------------|----------|---|
| | 1926-27. | 1925-26. | |
| <i>Direct Transactions.</i> | | | |
| India (Accountant General, Central Revenues, including other Audit Officers concerned) | 1.00 | 2.78 | A credit of 5.85,35 was adjusted in 1925-26 under 19—Interest on account of interest on advances to Provincial Loan Fund. A corresponding adjustment remains to be made in the accounts for the year under review. The fall in the percentage during the year under report is due partly to the inflation on this account of the total expenditure debited to service heads and audited during the year, and partly to decrease in the total objections of the year owing to non-inclusion of objections recorded in the books of the Experimental Pay and Accounts Offices under the orders of the Auditor General, cf. paragraph 4 above. |

* Excludes the contribution of 16,00 given by the Central Government to the Assam Government for share cost of the Assam Rifles.

| Area. | Percentage of | | Remarks. |
|-------|---------------|----------|----------|
| | 1926-27. | 1925-26. | |

Direct Transactions—contd.

| | | | |
|---|------|------|---|
| Assam | ·97 | 2·09 | The low percentage indicates improvement in the year under report as compared with the preceding year. |
| North-West Frontier Province. (Accountant-General, Punjab) . | 1·08 | 4·35 | The variation is chiefly due to wrong debits raised by the Controller of Military Accounts, Kohat and Wazir Force during the previous year. |

Agency Transactions.

| | | | |
|--|------|-------|--|
| India (All Audit Officers concerned except Accountant-General, Central Revenues) . | 2·06 | 7·22 | The decrease in the percentage during the year under report is chiefly due to non-inclusion of the objections recorded in the books maintained by the Central Pay and Accounts Office, United Provinces, in the total objections for the year on the basis of which the percentage has been calculated, cf. paragraph 4 above. |
| Assam | 2 | 11·23 | The decrease in the percentage indicates appreciable improvement during the year under report. |
| Burma | 2·66 | 1·52 | The increased percentage is due to (1) an expenditure of 68 incurred by the Government Dockyard, Rangoon, in rebuilding a Light Vessel having been placed under objection for want of sanction of the Government of India and (2) an expenditure of 31 incurred in the Myitkyina District in connection with the emancipation of slaves having been objected to for want of details of expenditure and payees' receipts. |
| United Provinces | 4·27 | ·06 | The increase is mainly due to a sum of 1,25 on account of the first instalments of the recurring grants to the Universities at Benares and Aligarh having been kept under objection for want of sanction. |
| Punjab | 1·06 | ·12 | The increase is due to an amount of 11 placed under objection for want of sanction to the expenditure incurred in connection with Tangir Blockade (Gilgit Agency). |

B.—ANALYSIS OF OBJECTIONS.

82. Analysis of objections outstanding on 31st July 1927.

(a) *Direct Transactions.*

Number and amount of objections outstanding on
31st July 1927.

| Analysis by classes. | Preceding years' objections. | | | Objections of year under review. | | | Grand Total. |
|--|------------------------------|----------|----------|----------------------------------|-------------------------------|--------|--------------|
| | 1923-24 and preceding years. | 1924-25. | 1925-26. | Raised up to 31st March 1927. | Raised after 31st March 1927. | Total. | |
| I. Suspense— | | | | | | | |
| (a) Debits— | | | | | | | |
| Nos. of items | 3 | 1 | 17 | 1 | 18 | 22 | |
| Amounts | 6 | * | 49 | * | 49 | 55 | |
| (b) Credits— | | | | | | | |
| Nos. of items | .. | 1 | 30 | 6 | 36 | 37 | |
| Amounts | .. | * | 1,05 | 1 | 1,06 | 1,06 | |
| II. Items awaiting clearance— | | | | | | | |
| (a) For want of detailed contingent bills— | | | | | | | |
| Nos. of items | .. | 1 | 64 | 8 | 72 | 73 | |
| Amounts | .. | 1 | 1,95 | 2 | 1,97 | 1,98 | |
| (b) For other reasons— | | | | | | | |
| Nos. of items | 8 | 37 | 143 | 947 | 452 | 1,399 | 1,587 |
| Amounts | * | 14 | 47 | 2,95 | 1,54 | 4,49 | 5,10 |
| III. Service payments for recovery— | | | | | | | |
| Nos. of items | 5 | 13 | 30 | 192 | 39 | 231 | 279 |
| Amounts | 1 | * | 3 | 18 | 1 | 19 | 23 |
| Total— | | | | | | | |
| Nos. of items | 13 | 53 | 176 | 1,250 | 506 | 1,756 | 1,998 |
| Amounts | 1 | 20 | 51 | 6,62 | 1,58 | 8,20 | 8,92 |
| Total on 31st July of preceding year— | | | | | | | |
| Nos. of items | 36 | 195 | 2,924 | .. | .. | .. | 3,155 |
| Amounts | 18 | 49 | 9,58 | .. | .. | .. | 10,25 |
| Increase (plus) or decrease (minus)— | | | | | | | |
| Nos. of items | —23 | —142 | —2,748 | 1,250 | 506 | 1,756 | —1,157 |
| Amounts | —17 | —29 | —9,07 | 6,62 | 1,58 | 8,20 | —1,33 |

*Represents amount less than Rs. 500.

Explanation—

1922-23.—Out of 4 petty items relating to the Persia Accounts, 3 have since been adjusted and 1 is outstanding for want of sanction of the Government of India.

1923-24.—Out of 9 items of 1, one petty item relating to Bombay is under settlement, 5 items relating to Kabul Legation Accounts are outstanding for want of sanction of the Government of India and 3 items of 1 relating to Port Blair are in the course of recovery.

1924-25.—Out of 53 items of 20, 50 items of 14 relate to the office of the Accountant General, Central Revenues and 3 items of 6 to the office of the Accountant General, Bengal. Of the outstanding items pertaining to the Accountant General, Central Revenues, 22 items of 6 on account of excess over contract grant in the accounts of Persia and the Persian Gulf are still under correspondence with the Government of India, 10 items of 7 representing charges in Kabul Legation Accounts on account of *toshakhana* and entertainment of tribesmen are outstanding for want of sanction of the Government of India, 1 petty item has since been adjusted and the remaining 17 items of 1 are under settlement. The 3 items relating to the Accountant General, Bengal, represent sums fraudulently obtained from the General Provident Fund account on forged letters of authority. For recovery of one of the items, a civil suit has been instituted, which has not yet been concluded. For the remaining two items sanction to the write-off has since been received and these are in the course of adjustment, *cf.* paragraph 36 above.

1925-26.—Out of 176 items of 51, 160 items of 35 relate to the office of the Accountant General, Central Revenues, and 16 items of 16 to other audit offices. Of the outstanding items pertaining to the office of the Accountant General, Central Revenues, 2 items of 3 have since been adjusted, 15 items of 8 on account of excess over contract grant in the accounts of Persia and the Persian Gulf have been under correspondence with the Government of India, 1 item of 8 on account of construction of a distillery well in Ajmer has been outstanding for want of completion certificate, 52 items of 9 relating to Kabul Legation Accounts are outstanding partly for want of sanction of the Government of India to expenditure on account of *toshakhana* and entertainment of tribesmen, Kabul-Khyber Road Survey and travelling allowance of a certain Government servant and partly for want of certain particulars, documents, etc., and the remaining 90 items aggregating 7 are under settlement. Of the items relating to other Audit Officers, 1 petty item relating to the office of the Accountant General, Burma, has since been adjusted, 6 items of 14 relating to the office of the Accountant General, Punjab represent deposit transactions which were shown in the last report under Provincial instead of under Central transactions, 6 items of 2 relating to the Director of Audit, United Provinces and 3 petty items relating to the Experimental Audit Office, Government of India Secretariat, are under settlement.

(b) *Agency Transactions.*

Number and amount of objections outstanding on 31st July 1927.

| Analysis by classes. | Preceding years' objections. | | | Objections of year under review. | | | Grand Total. |
|--|------------------------------|----------|----------|----------------------------------|-------------------------------|--------|--------------|
| | 1923-24 and preceding years. | 1924-25. | 1925-26. | Raised up to 31st March 1927. | Raised after 31st March 1927. | Total. | |
| I. Suspense— | | | | | | | |
| (a) Debits— | | | | | | | |
| Nos. of items . . . | 14 | 2 | 2 | 1 | ... | 1 | 19 |
| Amounts . . . | 70 | 2 | 1 | 1 | ... | 1 | 74 |
| (b) Credits— | | | | | | | |
| Nos. of items . . . | 5 | ... | 1 | 13 | 13 | 26 | 32 |
| Amounts . . . | 3 | ... | * | 7 | 5 | 5 | 8 |
| II. Items awaiting clearance— | | | | | | | |
| (a) For want of detailed contingent bills— | | | | | | | |
| Nos. of items . . . | ... | ... | ... | 10 | ... | 10 | 10 |
| Amounts . . . | ... | ... | ... | 2 | ... | 2 | 2 |
| (b) For other reasons— | | | | | | | |
| Nos. of items . . . | ... | ... | 1 | 54 | 26 | 80 | 81 |
| Amounts . . . | ... | ... | * | 1,23 | 16 | 1,39 | 1,39 |
| III. Service payments for recovery— | | | | | | | |
| Nos. of items . . . | ... | ... | 7 | 10 | 7 | 17 | 24 |
| Amounts . . . | ... | ... | 7 | 7 | 7 | 7 | * |
| Total— | | | | | | | |
| Nos. of items . . . | 19 | 2 | 11 | 88 | 46 | 134 | 166 |
| Amounts . . . | 73 | 2 | 1 | 1,26 | 21 | 1,47 | 2,23 |
| Total on 31st July of the preceding year— | | | | | | | |
| Nos. of items . . . | 20 | 4 | 274 | ... | ... | ... | 298 |
| Amounts . . . | 76 | 3 | 1,13 | ... | ... | ... | 1,92 |
| Increase (plus) or decrease (minus)— | | | | | | | |
| Nos. of items . . . | —1 | —2 | —263 | 88 | 46 | 134 | —132 |
| Amounts . . . | —3 | —1 | —1,12 | 1,26 | 21 | 1,47 | 31 |

Explanation—

1923-24 and preceding years.—Out of 19 items aggregating 73, 3 items of 55 for 1922-23 and 12 items of 18 for 1923-24 representing transactions in connection with foreign refugees have been held under "Suspense"

* Represents amounts less than Rs. 500.

by the Accountant General, Bombay, pending receipt of the orders of the Secretary of State regarding their correct incidence. As the items are outstanding for a considerable time, a reference has been made to the Government of India in June 1927 asking for an early settlement of the question. Their reply is awaited. Four petty items amounting to Rs. 560 outstanding in the books of the Accountant General, Bihar and Orissa, for the years 1918-19, 1921-22 and 1922-23, represent one per cent. commission on the assets of Enemy property to be utilised by the Custodian, Enemy Property, Bihar and Orissa, for the maintenance of the property of "Ex-enemies". The custodian of the Enemy Property draws money from this fund to meet expenditure incurred in connection with the control and maintenance of the property and the "Suspense" head is relieved to the extent to which the expenditure is incurred. The custodian is periodically addressed by the Accountant General, Bihar and Orissa, regarding expenditure incurred by him from this fund.

1924-25.—Two items of 2 representing transactions in connection with foreign refugees are outstanding in the books of the Accountant General, Bombay, for the reasons stated above with regard to corresponding transactions of the preceding years.

1925-26.—Out of 11 items amounting to 1, 6 items relating to the Director of Audit, United Provinces, 1 item relating to the Accountant General, Burma, 1 item relating to the Accountant General, Bombay, are under settlement and the remaining 3 items of 1 representing transactions in connection with foreign refugees are outstanding in the books of the Accountant General, Bombay, for the reasons stated above with regard to corresponding transactions of the years 1922-23 and 1923-24.

PART III.—OTHER SUBJECTS.

CHAPTER V.—RUSH OF EXPENDITURE IN MARCH.

A.—WORKS TRANSACTIONS.

83. In some cases expenditure incurred in March 1927 was very high in comparison with the expenditure in the other months of the year. This was mainly due to (1) the late receipt of sanctions and allotments of funds during the year, and (2) the works being carried out in the latter part of the year owing to rains, river inundations and other unavoidable circumstances. The audit of the expenditure did not, however, disclose any serious financial irregularities resulting from the rush of expenditure in March 1927, which deserved special comments.

84. In paragraph 74 of the previous year's report cash expenditure under 41 civil works (North-West Frontier Province) during March 1926 was shown as six lakhs of rupees against the average monthly expenditure of one lakh of rupees during the preceding eleven months of the year 1925-26. With reference to this disproportionately heavy expenditure in March 1926 the Audit Officer concerned stated that measures had been taken which were likely to prevent similar rush in future.

During the year under report it was noticed that cash expenditure under the above head in March 1927 was rupees 4,31 thousand against the average monthly expenditure of rupees 1,05 thousand during the preceding eleven months of the year. It was explained by the Audit Officer that the rush of expenditure referred to above was due to difficulties experienced with contractors who refused to accept bills without innumerable complaints and objections and also to delay in taking measurements. Although the figures in the year under report compare favourably with those of the previous year, still there seems to be room for improvement.

B.—OTHER TRANSACTIONS.

85. In some offices and departments contingent expenditure incurred during March 1927, was much heavier than the average monthly expenditure during the preceding eleven months of the year. Almost in all the cases the comparatively heavy expenditure was satisfactorily explained. No serious financial irregularities resulting from the rush of expenditure in March 1927 came to light, which deserved special comments. The Audit Officer, Pay and Accounts Offices, Calcutta, has reported that a few cases of heavy drawals in March 1927 are still

The question of rush of payments during the closing months of the financial year on account of stores purchased through the agency of the Indian Stores Department is under investigation under the orders of the Auditor General. The position at the end of 1926-27 in this respect showed a considerable improvement as compared with the previous year as a result of the action taken by the Chief Controller, Indian Stores Department, in consultation with the Indenting Departments.

CHAPTER VI.—HIGHER AUDIT.

86. Some specific instances of higher audit activities showing suggestions for economy in expenditure are detailed in the following paragraphs.

87. *Suggestions for improving the rule in connection with claims for the transport of personal effects on transfer.*—A Government servant transferred from one station to another for the public convenience is entitled to claim the actual cost of transporting his personal effects up to the maximum maundage prescribed for his grade. Such a claim can under the rules be admitted in audit if in support of it the official gives a certificate that the actual expense incurred is not less than the sum claimed. It is, however, the duty of the controlling officer who countersigns these bills to satisfy himself whether the personal effects charged for were actually carried and whether the claim is reasonable in other respects.

An enquiry was undertaken during the year under report to see—

- (1) whether too great reliance on these certificates of actual expenses had been detrimental to the financial interests of Government, and
- (2) whether the controlling authorities were discharging their responsibilities rigorously as required by the rules or whether the bills were countersigned as a matter of course.

With this object in view a special review of travelling allowance bills on transfer of officers under the administrative control of the Central Government was undertaken and cases in which the claims for the transport of personal effects were considered heavy or the maundage charged for appeared excessive, looking to the status of the Government servant making the claim and the number of family members accompanying him on transfer, evidence of payments such as railway receipts, vouchers, etc., was called for. Although from the replies received it could not be definitely perceived that undue advantage was being taken of the privilege of giving certificates of actual expenses, a suggestion has been put forward for the introduction of the following safeguards in addition to the certificate of actual expenses prescribed by rules :—

- (1) while recording the declaration of actual expenses the Government servant should state the weight of the luggage actually carried and the amount actually paid for its transport separately by rail, steamer or road as the case may be, and
- (2) the countersigning officer be asked to record a certificate that he has scrutinised the details and satisfied himself that the claim is reasonable.*

* Accountant General, Bombay.

88. A similar test check of travelling allowance bills for journeys on transfer was conducted in the office of the Accountant General, Central Revenues with a view to see whether and if so, to what extent, the controlling officers exercise check over the cost of carriage of personal effects charged by officers on transfer. The result of the enquiry has impressed the audit office that generally claims for the carriage of maximum maundage admissible under the rules are admitted by them on the strength of the certificates furnished by the officers on transfer without satisfying themselves by the application of any further check that these charges are actually incurred. This seems to raise the question whether the rule regulating these claims should not be so modified as to make it incumbent on the claimants to produce payees' receipts in support of these charges so that audit may be satisfied that the charges have actually been incurred.

Small refunds were voluntarily made in a few cases by the Government servants concerned for their failure to produce payees' receipts or other evidence of expenditure. In the case of an officer of the Indian Audit Department it was found that he was on tour and was, therefore, not entitled to the reimbursement of the cost of personal effects. His travelling allowance bill was not countersigned and he refunded a sum of Rs. 100, irregularly drawn by him.

Another instance of double drawal of a claim for transport of personal effects by an officer of the Indian Civil Service will be found in paragraph 58 of this report.

89. *Invitation of tenders.*—It was noticed that even in regard to large purchases made by the Survey of India Department such as warm clothing, tents and other stores, tenders were not being invited from the public in the usual way. The Head of the Department has now at the instance of audit issued instructions to all Directors of Circles that in all cases of purchases of Rs. 500 and over, the Director concerned should call for tenders from the trading public by advertisement in newspaper or trade journals to be selected by him. When a tender has been finally selected the Director should ask the firm concerned, when placing the order, to deposit with him a fixed amount as security against non-fulfilment of the conditions of the tender.*

90. *Drawal of compensatory allowance during leave on average pay spent out of India.*—Certain officers of the Geological Survey Department drew Calcutta Compensatory allowance during the period of leave spent out of India on the basis of a certificate that they continued to incur a considerable part of the expenditure to meet which the allowance was granted. They were requested to furnish details of the expenditure incurred by them in India. Some of the officers explained that the expenditure was about the upkeep of motor car, servants' wages and railway fare paid to servants, subscriptions to clubs, etc. These facts were brought to the notice of the Government of India and the Department of Industries and Labour

* Audit officer, Pay and Accounts offices, Calcutta.

agreed with audit that the officers in such cases would be entitled to a compensatory allowance limited to 20 per cent. of the amount actually paid to servants. The officers concerned have been requested to refund the amounts over-drawn by them. The total recoveries on this account will approximate to Rs. 4,000 and the savings in future will also be considerable.

The orders did not appear to have received the concurrence of the Finance Department to whom the case was accordingly referred for decision whether the orders were of general application and whether they applied also to officers spending their leave in India. The Finance Department stated that the orders were not of general application but the question of amending Supplementary Rule 6 was under consideration.*

91. Investigation into travelling allowance charges in connection with the encashment of bills.—In the Cinchona Plantation at a station, it is customary for the Superintendent or the Assistant Superintendent and a clerk to go to the treasury to encash monthly bills, thereby incurring a monthly expenditure of about Rs. 100 in the shape of travelling allowance. The Director, Botanical Survey who is the Controlling Officer of the Department gave the opinion that the long standing practice could not be done away with, as there is every likelihood of the money being robbed by dacoits.

The case is under reference to the Government of India.*

92. Payment of fixed monthly allowance for the purchase of stationery in the Opium Department.—It has been the practice in the Opium Department ever since 1864 to draw the fixed country stationery allowance on establishment bills. In April 1920 this allowance was fixed at Rs. 250 *per mensem*. It was originally sanctioned by the Government of India at a time when the supplies from the stationery office were limited and expenditure on stationery purchased in the country was probably six times what it is at present. As the existing rules do not contain any provision for the grant of such a fixed allowance, and the circumstances under which the orders regarding the sanction of the allowance were passed by Government of India, have also changed, it was suggested in audit that the allowance should be regularised by a new order from the Government of India. On this the Opium Agent has withdrawn experimentally for a year, with effect from 1st April 1927, the fixed country stationery allowance granted to the department, and has instructed departmental officers to include, in their ordinary annual indents in future, all articles which are obtainable from the stationery office, Calcutta.

The absolute withdrawal of the allowance will be considered after the close of the year 1927-28.†

93. Drawal of travelling allowance without submission of regular bills for audit.—The orders issued by the Government of India in 1923 in regard to the payment for services rendered by an expert officer

* Audit officer, Pay and Accounts Offices, Calcutta.

† Director of Audit, United Provinces, Allahabad.

under them to the Civil and Criminal Courts of other Governments provided *inter alia* that his travelling allowance should be disbursed by the Court which requisitioned his services. Under this rule, the courts were paying the claims presented by the officer on behalf of himself and his chaprasi and debited the charge to the contingencies of the court like any other witness batta. Thus the officer did not present any regular travelling allowance bill to his audit officer at the end of each tour. The claim presented by this officer to a court on an occasion, when he attended more than one court *en route* in different provinces, did not represent any portion of the actual travelling allowance admissible under the rules and was not susceptible of any check. It was also noticed that the officer did not use the shortest route. In reply to an enquiry it was reported that the method of apportionment among the various courts was to charge each court its proportionate share of the total claim for the whole tour on the basis of its distance by rail from his headquarters, but the actual charges might vary as it was not possible to foresee at each halt midway any disturbing factors ahead such as unexpected halts before the tour was completed. It was brought to the notice of the Government of India that a state of things as the above under which an officer's personal claims to travelling allowance go unaudited especially when the officer visited two or more courts in different provinces in the course of a single tour required reconsideration. It was suggested that it would be simpler if the officer were allowed to draw the travelling allowance admissible to him under the rules in the usual course, the *pro rata* cost of the tour being subsequently recovered by Government, in lump sum from the various courts, as is being done in the case of the regular fees and other incidental charges payable on account of the services of this officer. Their orders are awaited.*

94. *Charges on account of burial of paupers in a municipal area.*—An annual expenditure of about Rs. 500 was being incurred out of the revenues of a minor Administration on account of the burial of paupers dying in Government hospitals and elsewhere within the area administered by a municipal commission. It was suggested that, in accordance with the practice obtaining in a neighbouring province, the charge was an appropriate one on municipal revenues. The position was accepted by both the Municipal Commission and the minor Administration and the suggestion was given effect to during the year under report.*

* Audit officer. Experiments, Bangalore.

CHAPTER VII.—ACTION TAKEN ON THE PREVIOUS REPORTS.

AUDIT REPORT FOR 1924-25.

95. (1) *Paragraphs 10, 25, 51, 53, 54, 58, 59, 61, 62 and 63.*—The New Capital Committee after considering the report of the enquiring officer came to the conclusion that although in a project of this magnitude, an accumulation of stores, and heavy purchases even in a falling market were to a certain extent inevitable, the organisation was inadequate to deal efficiently with the purchase and custody of stores on the scale required and that, in particular a certain Divisional Officer had failed so badly in his duty that if he had still been in their employment, the Committee would have taken suitable disciplinary action against him. The Superintending Engineer also, inspite of extenuating circumstances was not, they held, free from blame.

(2) *Paragraph 24 (ii).*—The question of the preparation of a list of articles of furniture in the Delhi Public Works Department in such a manner as would facilitate their identification and verification is still under reference to the Departmental Accounts Officer.

(3) *Paragraph 28.*—The New Capital Committee passed orders that no action was necessary against the officers in charge of the work when it was started.

(4) *Paragraph 33.*—The results of the count of furniture by an Audit Officer have since been communicated to Government and their orders are awaited.

(5) *Paragraphs 35 and 43.*—The outstanding points have since been settled.

(6) *Paragraph 52.*—The New Capital Committee passed the following orders on the case :—

- (i) The stone paid for had been satisfactorily accounted for.
- (ii) The system of measuring stone before despatching from the quarries and of check measuring it on receipt at the stone yard was in certain respects defective.
- (iii) The action of the subordinate in charge of measuring stone in regularly giving certificate " measured by me " irrespective of the fact whether they had been measured by him personally or not was unjustifiable.
- (iv) The Divisional Officer was to blame in signing a certificate of personal count when he had not so checked every item of stock.

(7) *Paragraph 60.*—It has not yet been made clear why the contract was made direct with a firm outside India instead of the Store Department of the India Office being indented on as required by the Store Rules then in force. The Stores were apparently purchased in excess

of requirements, the value of the balance of goods on hand on 31st March 1927, being Rs. 42,232. Out of the advance of £19,500 paid to the firm in 1921, a sum of £382-14-0 is still due to Government.

(8) *Paragraph 66.*—In paragraph 85 (13) of the Executive Report for 1925-26 it was mentioned that the New Capital Committee had decided that the Capital and Revenue Accounts should be prepared with effect from 1st April 1924, taking into account the rents and recoveries as they would be calculated as a result of the Lee Commission's proposals. The Capital and Revenue Accounts of the New Capital buildings and furniture have not, however, been prepared so far. The delay in the preparation of the return having been brought to the notice of the Departmental Accounts Officer, he stated that it would be prepared after the rents were revised by the Chief Engineer with effect from 1st April 1924 on the basis of the Lee Commission's proposals. Early action would seem to be desirable.

(9) *Paragraph 66-B.*—Rule 45 of the Fundamental Rules has since been revised and rent rules of the Delhi Public Works Department are under examination with reference to the revised rule.

(10) *Paragraph 71.*—The matter was explained by the Chief Engineer, Public Works Department, Delhi, to the satisfaction of the New Capital Committee who accepted the explanation given.

(11) *Paragraph 72.*—The revised project estimate of the New Capital works has since been sanctioned.

(12) *Paragraph 82.*—The investigation into the cases mentioned in this paragraph revealed that the root causes of the irregularities were the want of adequate supervision—gazetted and non-gazetted—in the Appraising Department and the want of a local audit scrutiny of piece-goods bills-of-entry with reference to market value. It is understood that an effort is being made to improve the internal supervision in the Appraising Department. In regard to the latter defect it was suggested by the Auditor General that if audit is to fulfil its duty of applying a test check to the actual appraisement, a synchronous record to show the market value of articles should be maintained by the Collector of Customs. The Government of India anticipated practical difficulties in the maintenance of such a record and have, therefore, decided to relieve statutory audit of its responsibility in respect of this particular audit check.

No formal orders have, however, yet been issued by the Government of India.

(13) *Paragraph 101.*—The Government of India have expressed their disapproval of the action of the officer responsible for the irregularity.

(14) *Paragraph 102.*—The head of the Department explained that the officer responsible for the irregularity had retired and the Government of India decided that no further action can be taken in the circumstances.

(15) *Paragraph 103.*—The Government of India have decided that a nominal rent should be charged in such cases.

(16) *Paragraph 105.*—The Government of India have expressed their disapproval of the action of the officer responsible for the irregularity.

(17) *Paragraph 110.*—The Government of India have decided that although the sidings were dismantled and realigned it was understood that they remained the property of the Bombay, Baroda and Central India Railway Company, and did not propose to take any action in the matter.

(18) *Paragraph 120.*—The officer responsible for the irregularity has been practically censured by the Government of India.

(19) *Paragraph 121.*—The Government of India have decided that no action need be taken in the matter. The purchase of the railway line has been sanctioned by Government.

(20) *Paragraph 128-A.*—The Government of India have confirmed the action of the local Administration with the hope that steps will be taken to prevent a recurrence of such irregularities.

(21) *Paragraph 153.*—It has since been ascertained that an officer of the Commercial Audit Department went to Muktesar in September 1926 and examined the system of accounts that had been prescribed for the dairy attached to the Institute. He found that the system recommended had not yet been introduced. It was too elaborate and required simplification. He accordingly drew up a revised system of accounts based on single entry, a copy of which is stated to have been forwarded to the Agricultural Adviser to the Government of India. A copy of the "Audit and Inspection Report on the Accounts of the Imperial Institute of Veterinary Research and Dairy for the year 1925-26" submitted by that officer, a considerable portion of which deals with irregularities some of which were serious and have been dealt with in a separate confidential report, is also reported to have been forwarded to the Government of India whose orders are awaited.

EXECUTIVE REPORT FOR 1925-26.

(22) *Paragraph 11.*—Orders are still awaited on the question whether the duty of examining and counting or measuring materials received from a supplier should not be performed by a responsible official instead of being entrusted to a clerk or petty subordinate.

(23) *Paragraphs 13 and 14.*—The outstanding points have since been settled.

(24) *Paragraph 15.*—The Government of India have been requested unofficially to communicate their orders on the question of disciplinary action against the officer responsible for the loss formally to the Controller of Military Accounts, Baluchistan District, who is the Audit Officer concerned.

(25) *Paragraph 16.*—Government have since accorded sanction to the payment of the balance of Rs. 13,440.

(26) *Paragraph 21-C.*—Necessary instructions have since been issued by the Head of the Department to the Divisional officers to discontinue the practice.

(27) *Paragraph 21-F.*—The Government of India have expressed their disapproval of the action of the officer responsible for the irregularity. As regards the responsibility of the head of the department the question is still under the consideration of the Government of India.

(28) *Paragraph 22.*—In response to the steps taken by the local officer, claims have been received from various litigants and witnesses amounting to Rs. 715 only. A further sum of Rs. 68 representing penalty and deficiency in court fee stamps, etc., was also due to Government out of the total amount embezzled.

The loss of Government revenue of Rs. 68 has since been written off under the sanction of the local Administration, and the payments of the claims preferred by the private individuals have been authorised.

No disciplinary action can be taken against one of the officers in fault as he has already retired from service, while the other has been reverted to the clerical line.

(29) *Paragraph 23.*—The head clerk who was responsible for these embezzlements has since been dismissed from the service of Government. As regards the head of the office the matter is under correspondence with the Inspector General of Forests and President, Forest Research Institute. Final decision is awaited.

(30) *Paragraph 25.*—After a recovery of Rs. 700 had been effected in India the officer concerned proceeded on leave in England where the recovery of the balance is due to be completed by August 1927, as the High Commissioner has been authorised through the leave salary certificate to recover the balance in monthly instalments of Rs. 100.

(31) *Paragraph 26.*—The clerk of the Accounts Department of the treasury has been removed from the treasury and orders have been passed that he shall not be allowed to have any dealings with money in future. The next increment of the treasury accountant and the senior payment clerk at the treasury has been stopped for six months and one year respectively. The increment of pay of the Assistant Accountant of the District Judge has been stopped for one year. Government do not intend to take any disciplinary action against the treasury officer but observe that he should check at least some of the schedules against the corresponding vouchers. Orders of the local Government regarding the write off or recovery of the amount lost are awaited.

(32) *Paragraph 27.*—Further investigations revealed the fact that the total amount misappropriated by the stamp clerk was Rs. 55,313. This amount included Rs. 53,185 on account of service postage and ordinary stamps. The treasury officers who were in permanent charge of the treasury and the treasurers who worked during the period the defalcation took place, *viz.*, November 1921 to June 1925, were found guilty of gross negligence by Government and were ordered to make good the loss to the extent of Rs. 21,409. Out of this amount,

Rs. 10,935 have since been recovered and the balance is in course of recovery. The remaining sum after deducting therefrom the amount of Rs. 2,000 recovered from the securities furnished by the stamp clerk has been written off. The amount so written off includes Rs. 30,48 on account of ordinary and service postage stamps. One of the treasurers during whose period the greater part of the defalcation took place was ordered to retire on pension. Instructions have been issued to the treasury officers and treasurers enjoining strict observance of the procedure laid down in the Codes for the custody, supply and sale of stamps and warning them that any negligence on their part in the observance thereof would be severely dealt with.

(33) *Paragraph 28.*—No disciplinary action could be taken against the Sub-Registrar at fault as he died in 1921.

The question was further taken up with the Inspector General of Registration whether the responsibility for the omission of the mortgage of the property in question from the Index Register could not be fixed upon any clerk in the sub-registrar's office. In reply the Inspector General has stated that no suspicion of dishonesty attaches to the mistake and that the defective indexing was due to carelessness and not to intention. The moharrir at fault has a good record and in the circumstances a note of censure has been considered sufficient. The necessary instructions to ensure proper indexing of documents in a registration office have been issued for the guidance of all registering officers and their moharrirs.

The sanction of the head of the department to the write off of the amount involved has been duly obtained.

(34) *Paragraph 29.*—The local Government held that the embezzlement was facilitated by the neglect on the part of the Gazetted Officer. In view, however, of his past record of good service and of the fact that his retirement had been sanctioned by the Secretary of State, His Excellency the Governor in Council resolved to waive recovery from him of the net loss of Rs. 745 as a matter of grace.

(35) *Paragraph 32.*—The local Administration has reported that the sum of Rs. 71 misappropriated by the late Manager of the farm was recovered and credited into the treasury. To avoid repetition of similar cases, certain suggestions have been made by the Audit Officer for the guidance of superior officers of the department concerned.

(36) *Paragraph 33.*—The local Administration has remarked that as the Civil Surgeon concerned has been transferred from the Province, no further action in the matter is desirable.

(37) *Paragraph 34.*—The accused have since been acquitted in the court of law.

(38) *Paragraph 36.*—The Government of India sanctioned the write off of the net loss amounting to Rs. 58,784 which became irrecoverable. Service stamps to the value of Rs. 1,004 were subsequently discovered in the press, and the sanction of the Government of India to the write off has, therefore, been reduced by this amount. With a view to prevent

such irregularities in future the Auditor General has approved of a scheme of local audit of the stamp accounts in the Stamp Office and in the Government of India Press as proposed by the Accountant General, Bengal, in consultation with the Examiner of Government Press Accounts, and has submitted the same to the Government of India for orders. The orders of Government have not yet been received.

The audit of stamp accounts of both the offices for the year 1925-26 has, however, been completed in accordance with the above scheme.

(39) *Paragraph 38.*—As the result of correspondence with the Deputy Controller of the Currency a periodical verification of the office cash by a Gazetted Officer has been arranged for.

(40) *Paragraph 39.*—It was held that the loss was not due to any defect of system or negligence on the part of any individual. The matter was duly reported to the Police authorities, who were unable to trace the culprit. The amount involved was written off under the orders of the Surveyor General.

(41) *Paragraph 44.*—Orders of the Secretary of State have since been received in September 1926 fixing special rates of pay for officers of Asiatic domicile, appointed to the Mines Department.

(42) *Paragraph 47.*—The Government of India in the Department of Industries and Labour have observed that the work was supervised by the Public Works Department, Bengal, which checked the bills before payment. No action was taken against the Controller.

(43) *Paragraph 54.*—The Metropolitan's Chaplain intimated that the Metropolitan had an interview with the Chaplain and was entirely satisfied that his conduct was in no way dishonest. The Chaplain admitted that he made a mistake which he regretted. As regards the failure in the Pay and Accounts Office it has been explained that there was an oversight and that the Assistants concerned had been warned.

(44) *Paragraph 55.*—The desirability of laying down a set of instructions to govern the invitation and acceptance of tenders, etc., and of requiring the observance thereof from all civil officers of the Central Government who have to make large purchases of articles for the public service has been brought to the notice of the Government of India whose final orders are awaited.

(45) *Paragraph 58.*—The Government of India submitted their proposals for amendment of the third schedule of the Government of India Act to the Secretary of State. The latter, in his despatch No. 50-Services, dated 28th October 1926, to the Government of India, stated that he approved of the proposals and that they would accordingly be noted for inclusion in an amending Bill when opportunity of introducing legislation offers.

(46) *Paragraph 62.*—It is understood that the whole question of regulating the fees of medical officers in civil employ is still under the consideration of the Government of India.

Final orders are awaited.

(47) *Paragraph 64.*—The Controller of Military Accounts, Madras District, has since agreed to adjust Rs. 1,517 finally and Rs. 3,454 provisionally pending orders from the Military Accountant General.

(48) *Paragraph 65.*—The Central Board of Revenue held that in the first case the officer was to a great extent the victim of the unbusinesslike and obstructive conduct of the firm from whom he purchased the car and considered that a simple expression of disapproval of his action would be sufficient.

In the second case, however, the action of the officer was held by the Board as indefensible. It was considered that he deliberately broke the rules at defiance and that he should have studied the rules before he bought the car and if he was financially unable to comply with the rules he should not have bought the car. The officer was severely censured for his behaviour. A circular was also issued by the Board to the effect that the authorities sanctioning advances for the purchase of motor vehicles should exercise great discretion in granting such advances, and satisfy themselves before granting any such advance that the financial position of the officer to whom it is granted is such that he would have no difficulty in complying with the rules in regard to the repayment of the advances and the insurance of the car.

In the third case the chaplain pleaded that he had not seen the relevant rules but the explanation was not accepted as adequate by the local Government and they desired the Archdeacon to impress upon the chaplain the necessity for ascertaining the rules when an application for advance is made.

The disciplinary action taken in all the three cases was considered adequate.

(49) *Paragraph 75.*—The cases referred to therein disclosed no other irregularity.

(50) *Paragraph 78.*—The orders of the Government of India are awaited.

(51) *Paragraph 80.*—The Government of India have decided that the rate of daily allowance for Inspectors, Electrical Inspector and the Junior Inspector in the Mines Department shall be reduced from Rs. 10 to Rs. 7-8-0 a day in respect of journeys of 20 miles and less which do not involve a night's absence from headquarters; but no orders have been issued in the cases of the Assistant Superintendents and the Chemist of the Geological Survey Department.

(52) *Paragraph 82.*—The Government of India have since decided that the officer's temporary headquarters should be transferred from Bangalore to Begumpet (in the Hyderabad State). This will prevent the officer from drawing the travelling allowance as hitherto done, while on inspection duty in the State, as the distance between Begumpet and the military lines was reported to be less than five miles.

As regards the enjoyment of certain easements by the officer while in the Hyderabad State (e.g., the rent-free house belonging to the State

and the free use of a State car), pointed out by audit, the Government of India have decided that he should not be allowed the free use of a State car, as hitherto, but he may be allowed to enjoy the rent-free house belonging to the State in lieu of the lodging allowance admissible to him under the rules.

(53) *Paragraph 84.*—The Central Board of Revenue ordered the immediate abolition of the press and directed that the printing of the existing forms should be done at the provincial Government Press at Allahabad in some cases and that the standard forms prescribed by the Government of India should be obtained from the Central Stores in other cases.

The press was abolished with effect from 1st December 1926 and the machinery, plant, etc., sold by auction for Rs. 775.

(54) *Paragraph 91.*—The procedure still continues as no definite orders from the Government of India, regarding the future control of Aden have been received.

(55) *Paragraphs 92—96.*—It is understood that the Government of India are taking steps to redraft the Sea Customs Act.

CHAPTER VIII.—MISCELLANEOUS.

96. *Separation of Audit from Accounts.*—In furtherance of the scheme of separation of audit from accounts a new Pay and Accounts Office known as the Pay and Accounts Office, Secretariat, has been instituted with effect from 21st March 1927. The new Office has taken over from the Accountant General, Central Revenues, all the work of payment and accounting, except pension payments, in respect of the Government of India Secretariat and attached offices.

97. The institution of the Pay and Accounts Offices is still in its experimental stage, and the time for the "definite pronouncement" referred to in paragraph 86 of the Executive Report for 1925-26 does not seem to have come as yet. But the new system within this short time of working appears to have created a favourable impression on the Committee on Public Accounts. The possibility of extending the scheme already introduced in the United Provinces to other provinces also was discussed at length at the annual conference of Financial Representatives held in November 1926. The general opinion, however, was that it would be preferable to postpone the further extension of the scheme until the success of the experiment in the United Provinces had been fully established. The Government of India accepted this view and await the report of the Auditor General on the experiment which will be prepared when the accounts for 1926-27 have been closed.

98. The combined efforts of an internal Accounts Office and an independent Audit Office led in the case of the Delhi Public Works Department to the detection of a number of defects and irregularities in connection with the administration of stores and contracts to which remedies were applied by the administrative officers of the Department with the assistance of the Accounts Officer. The existence of a departmental Accounts Officer, working under the same roof, enabled the Public Works Department Officers to avail themselves of his expert financial advice and to have their sanctions pre-checked. The Accounts Office also rendered much assistance by advising surrenders of anticipated savings on works carried out by contract at rates lower than those provided in the sanctioned estimates for the works.

With regard to effective control over expenditure it must be stated that the Appropriation Accounts of the New Capital Grant for 1925-26 showed, marked variations under almost all the sub-heads. The Accounts Officer, in explaining the practical difficulties encountered in the control of expenditure, stated that in his opinion the budgeting authorities were unable to forecast more accurately the probable expenditure under each of the several units. It would not be fair, however, to draw any inference on this subject from these variations as better results may perhaps be expected in future years.

99. *Revision of the 7th Edition of the Forest Department Code.*—The 7th Edition of the Forest Department Code which is at present in use was published in 1913. Inconvenience is very often experienced

by audit for want of a revised edition containing all the up-to-date rules, and also for want of a sufficient number of copies of the existing edition which is now out of stock. It is understood that Government do not propose to issue a revised edition or a reprint of the existing edition of the code for at least a couple of years yet, as the question of administration of the Forest Department is under consideration. The Government of India in the Department of Education, Health and Lands, have, however, undertaken to supply a few copies with corrections to the Audit Office.

100. Government orders regarding revision of estimates chargeable to 41—Civil Works (Central) on the basis of accepted tenders.—In cases in which the tenders for a work, when received, are based on rates substantially lower than those upon which the sanctioned estimate was framed, the Government of India have authorised any officer, of rank not lower than that of a divisional officer in charge of a work to sanction a revised estimate for it on the basis of the tenders received (even though the amount of such revised estimate may exceed that to which he is ordinarily empowered to accord sanction), if at any time either before or during its construction, he finds that the original estimate for it is excessive. In according sanction to such a revised estimate, the officer should, at the same time, reduce correspondingly the appropriation made to meet the cost of the work. The divisional officers' power to pass excesses over such revised estimates will be restricted to 5 per cent. of the reconstructed estimate and to the limit of his powers to sanction estimates technically.

This order of the Government is calculated to result in better control over expenditure on works.

101. Remission of revenue.—In the Secretary of State's despatch No. 82-Financial, dated the 10th March 1887 the following principle was laid down :

“ As the Secretary of State is responsible for the expenditure of Indian revenues in India, of which he, in Council, has exclusive control, it is, in my opinion, clear that no measures which must or may involve an abandonment of revenue to any material extent should be adopted by the Indian Government without previous sanction.”

The above principle has not been reproduced in the² Central Audit Resolution which defines the financial power of the Government of India after the Reforms.

The omission was considered so serious that the Auditor General in 1922 suggested that the Government of India should bring it to the notice of the Secretary of State and obtain from him a specific expression of opinion as to whether the principle should be abrogated in future.

While scrutinising in 1925 a sanction accorded by the Government of India to the remission of a contribution of about Rs. 19,000 payable by a certain Durbar since the time of the Court of Directors, it was

observed that the suggested reference was never made, and at the instance of the audit authorities the matter was then referred to the Secretary of State, who has been pleased to lay down the following general principles :—

- (i) The abandonment of revenue, which is the result of express statutory provision, or of action taken under statutory authority, will, in all circumstances, be subject to the statutory rules governing it.
- (ii) Any measure resulting in an abandonment of revenue, in which an important question of policy is involved, should be referred to the Secretary of State in Council for previous sanction.
- (iii) Cases involving a writing off of claims against individuals, rather than a general remission, do not require reference to the Secretary of State.
- (iv) Subject to the foregoing clauses, the abandonment of revenue should ordinarily be regarded as a matter for decision in principle by the Finance Department of the Government concerned.
- (v) For purposes of administrative convenience, the power to remit or write off claims against individuals (as distinguished from a general remission) may be delegated to subordinate executive authority by the Government concerned.

Rules (ii) and (iv) above are, however, considered inapplicable in the administration of provincial transferred subjects.

102. Constitution of accounts on a departmental basis.—With a view to facilitate reconciliation of the figures on the registers of the controlling officers with those recorded on the books of the Audit office and as a preliminary step to the extension of the experiment of the separation of Audit and Accounts in the Bombay Presidency, a revised system of maintaining the accounts on a departmental basis, has been introduced with effect from the accounts for October 1926. For this purpose, the treasuries are required to send receipt and payment schedules separately for each Department. These are received in a section dealing with the accounts from treasuries. After verification they are made over to respective Departmental Audit sections.

The forms required in this connection for use both at treasuries and in the Audit office were prepared and printed locally in the Government presses with the requisite sanction of the Controller of Printing.

The old Treasury, Presidency Audit and Special Audit sections were reorganised into new departmental Audit sections constituted to suit practical Audit and Accounts requirements under the revised system, but the section dealing with the audit of gazetted officers' pay and allowances has continued to remain separate for the present.

The advantages to be derived from the new system may be summarised as under :—

- (a) The receipt and expenditure figures (cash transactions) are available earlier than under the old arrangements, expediting thereby the comparison of monthly figures of departmental officers.
- (b) The centralisation of the audit of the transactions of a particular department in one place renders audit more efficient, and affords scope for a detailed application of the rules pertaining to the department.
- (c) All the accounts records relating to one department are in one section and will facilitate references at future dates.
- (d) The results of the audit can be more fully brought out by a comparison of the expenditure incurred in the various districts on the same object.*

103. Opening of a Personal Ledger Account at the Security Printing Press, Nasik.—A Security Printing Press for the printing of stamps and stamped paper in India was established at Nasik in the year 1924-25. The transactions of the Press during that year were recorded under the head “7-A—Capital outlay on Security Printing Press” while those during 1925-26, under the head “7—Stamps” or “60-A—Other works not charged to revenue” according as the transactions pertained to working expenses or to capital expenditure.

In a concern like the Security Printing Press, it was essential that the accounts should be so framed as to bring out the actual cost of the products for comparison with the issue prices fixed for sale to the various local Governments and the Departments of the Government of India. The Government system of accounts, being on a purely cash basis, was, therefore, unsuitable for maintaining such accounts. Accordingly in the year under report, the Government of India in consultation with the Auditor General sanctioned the introduction of a commercial system of accounting at the Security Printing Press, Nasik Road. *Inter alia* they sanctioned the maintenance of two Personal Ledger Accounts from 1st April 1926, one at the Nasik treasury and the other at the Imperial Bank of India, Bombay. The latter of the two accounts is intended for making certain kinds of payments only in Bombay while the former, which is the main account, is intended for recording transactions connected with both the receipts and payments. It may be mentioned that, as a sequel to the introduction of commercial system of accounting at the Security Printing Press, the Master, Security Printing, India, was, in the year under report, given a floating capital of Rs. 15,00,000 for running the Press.*

104. Payments of pensions upto Rs. 50 per mensem by postal money order.—In 1923, the Government of the United Provinces had introduced, as an experimental measure, the system of payments of pensions of

* Accountant General, Bombay.

84 EXECUTIVE REPORT ON THE ACCOUNTS OF CENTRAL GOVERNMENT (CIVIL)
FOR 1926-27.

Rs. 20 per mensem or less by postal money order at the option of the pensioner. The Government have now decided to introduce this system which has hitherto been experimental, as a permanent measure and extend it to pensions upto Rs. 50 per mensem. The detailed instructions regarding the working of the system will continue to remain in force subject to the following alterations :—

- (1) Treasury Officers should await money order receipts upto 30 days instead of 15 days.
- (2) The concession allowed to Military pensioners whereby payments are made quarterly should not be extended to pensions exceeding Rs. 20 *per mensem*.
- (3) Once every year all pensioners, who elect to be paid by money order, should be required to attend the treasury officer so as to enable the treasury officer to satisfy himself that payments have been made correctly and also fulfil the requirements of Articles 332 and 947 of the Civil Service Regulations.

The Government are also considering a suggestion to relieve the Treasury Officer of the duty of comparing monthly the signatures and thumb impressions on money order receipts with those on pension payment orders.

The above procedure will tend to facilitate the payment of pensions upto Rs. 50 per mensem.*

NEW DELHI;
The 22nd September, 1927.

S. TAJ MOHAMMAD,
Offg. Accountant General,
Central Revenues

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